



Is there anyone out there?
The universal question, part four

Section Two, cover story

Play Formula 1 Dream Team

See page 8, Section Two

Celebrity wars

Hello! and OK! go head to head

Media, Section Two



'The plan is destructively simple: make it impossible for them to live together'

Patrick Cockburn

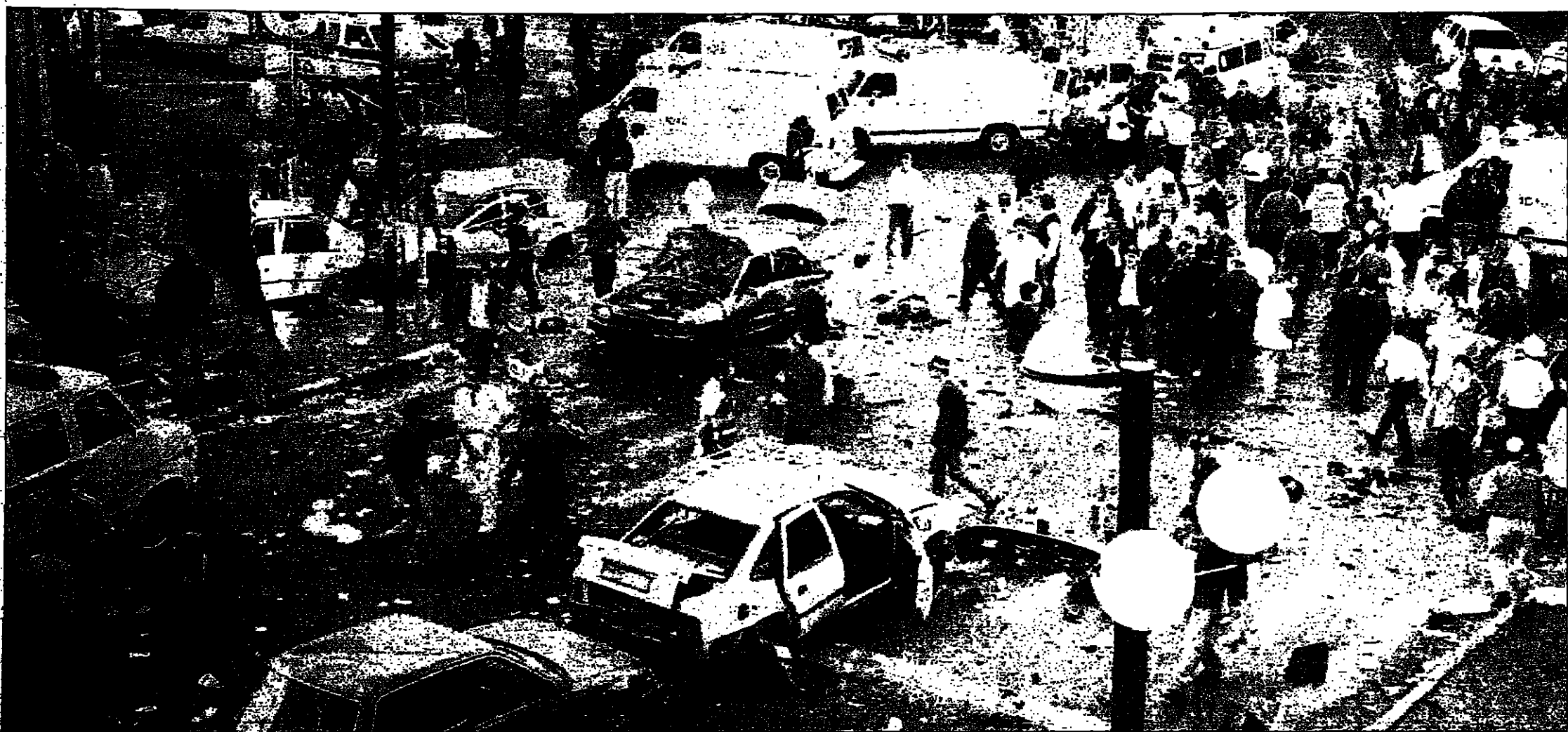
The fourth suicide bomb in nine days, killing up to 20 people in the heart of Tel Aviv, has torpedoed the hopes of peace between Israelis and Palestinians. It has mortally wounded the government of Shimon Peres, the Israeli Prime Minister and architect of the Oslo accords, which laid the basis for Palestinian self-determination.

Israelis feel that an agreement which was meant to bring them peace has brought them only war, and it is an understandable feeling. The suicide bomb is a peculiarly effective weapon of pure terror. There is no obvious way of stopping them: they strike while people are catching a bus, crossing the road, or, as yesterday, shopping on the corner of Dizengoff Street and King George Street in central Tel Aviv. It is a highly effective weapon.

The reaction of ordinary Israelis is to strike back blindly, almost regardless of the target. The government has now told Yasser Arafat that either he crushes Hamas, the movement from which the bombers came, or they will do it for him. It is a threat with dire consequences: it probably means invading Gaza or the other newly autonomous Palestinian areas.

Mr Arafat made it clear last night that he will go some way to meeting Israel's demands. He has already begun to round up Hamas leaders and activists. Israeli opinion demands that he go further, and that everybody associated with Hamas should be behind bars. But this is unlikely to resolve anything in the long term. The suicide bombers so far identified came from Hebron, south of Jerusalem, which is not under Mr Arafat's control.

Military action by Israel will not end the suicide bombs. If anything it means that there will be more of them. But the idea, which Mr Peres originally tried



Death on the streets of Israel: Some of the victims of yesterday's suicide bomb were killed as the bomber crossed the road towards a shopping mall in the heart of Tel Aviv

Photograph: AP

to get, that peace, like war, has its sacrifices, has lost whatever appeal it had. After the bomb in Jerusalem on Sunday the crowds shouted: "No more victims of peace."

It has all happened with extraordinary speed. Only ten days ago Mr Peres seemed to be on the verge of a landslide victory at the polls. Almost 60 per cent of Israelis said they approved of the Oslo accords. There had been no bomb attacks for seven months. The right-wing West Bank settlers had been discredited by last summer's violence which culminated in the assassination of Yitzhak Rabin, the prime minister, last November.

It was, we can see with hindsight, a honeymoon period, a moment of calm in the shadow

of the murder of Mr Rabin. Last year Israelis and foreigners alike had forgotten the fanaticism of the Jewish religious nationalists determined to hold on to the God-given territory of the West Bank. They remembered

only when Yigal Amir fired three bullets into the back of Mr Rabin.

This year it was easy enough, as Israel smoothly withdrew from the West Bank towns, to forget that Islamic religious

nationalists had not gone away.

The assassination of Yuhayyah Ayyash, the master bomb-maker of Hamas, started the present round of tit-for-tat killings. Some retaliation had been expected. What had not been expected was that vengeance would be so devastating, sudden, deadly. It is difficult to accept that Ayyash alone was the motive. Twice the bombers said they had called a truce: twice

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In return it is reasonable for Mr Arafat to get the powers of a proper state. One of the reasons why the military wing of Hamas has been able to operate is that the West bank has two authorities, one Israeli and one Palestinian. This dual power was always unsatisfactory. It was always going to produce friction and, in places like Hebron, a vacuum of authority.

Further reports, page 9

Peace blown apart? page 15

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Howard urged to investigate terror link

JASON BENNETT
Crime Correspondent

Michael Howard, the Home Secretary, was yesterday urged to investigate whether members of the terrorist group responsible for the latest bombing in Israel is using Britain as a base to organise its activities and raise funds.

Anti-terrorist officers and the security service have long been aware of groups of Islamic West Bank Palestinians based in London who carry out fundraising. This is understood to include supporters of Hamas, the group which claimed responsibility for the two suicide bombings in Israel in the past two days.

Last year it emerged that Ramadan Shallah, the new head of Islamic Jihad, a Damascus branch of Hamas, spent three years doing a PhD in economics at Durham University. He left in 1990.

Greville Janner, the Labour MP, said yesterday that he is writing to Mr

Howard asking him to investigate whether supporters of terrorists are abusing immigration laws to gain entry to Britain to use it as a base to organise their activities abroad.

Mr Janner, vice-chairman of the British-Israeli Parliamentary Group, said: "The latest outrage has simply heightened the concern that has been felt by a lot of MPs on both sides of the House for years." He said he would also be seeking assurances that Mr Howard

was satisfied with the levels of co-operation with foreign intelligence services.

A Foreign Office spokesman played down reports of a Hamas cell in Britain. "We have seen no proof to support allegations that funds raised by Hamas in the UK are used directly in support of terrorist acts elsewhere," he said.

The Home Office said the Government was determined the UK should not be used as a base for any terrorists to raise funds or plan operations.

Further reports, page 9

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Countdown begins to satellite crash

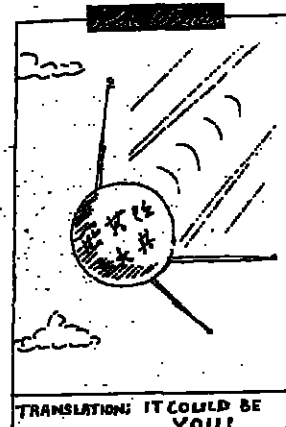
CHARLES ARTHUR
Science Correspondent

If you have not taken out insurance on your house, it might be a good idea to do so. A one-tonne Chinese satellite is plummeting out of control towards Earth and there is a 1 in 300 chance it will land in Britain.

According to European Space Agency calculations, the satellite - called FSW-1 - will crash into the Earth at 4am next Tuesday, at a speed of about 450mph. "If you were there when it entered the atmosphere, you would probably first hear a sonic boom [as it slowed down: below the speed of

sound], followed by a loud crash on impact," said Richard Cowther, of the Defence Research Agency in Farnborough, which is monitoring the satellite's progress.

The satellite is in an elliptical orbit which takes it around Earth every 90 minutes, between 56 degrees north and 56 degrees south of the Equator. At present, it spends a total of about five minutes each day over the UK. Its altitude varies between 85 and 270 miles, and as it skims the atmosphere on each circuit it slows down, like a spinning stone skipping over water. Eventually it will be moving too slowly to stay aloft.



TRANSLATION: IT COULD BE YOU!

It is impossible to predict where the satellite will land until its final orbit, and even then only with about 30 minutes' warning. The Home Office has urged local authorities to prepare "emergency measures".

Universal Question, Section Two

Tyre defects 'covered up'

PETER VICTOR

The tyre manufacturer Dunlop was criticised yesterday by a High Court judge for covering up 300 incidents involving a faulty brand of tyre, which caused at least one fatal motorway smash.

The firm, which last week agreed to pay £597,000 in compensation to a family injured in the crash, withheld information about the defect from Department of Transport officials investigating two other fatal crashes.

Judge Kenneth Wilson-Mellor, QC said firms should "take reasonable care" to protect public safety if faults are discovered.

He said Dunlop should have issued safety warnings and notified the DoT about a fault in its SP4 tyre, which led to a fatal crash on the M4 motorway near Swindon, in July 1988.

Lolita Barclay, 12, died and four others were injured when a Ford Cortina ploughed into an Austin Princess containing a family on the first day of their summer holiday. Susan Carroll was left blind, disfigured and mentally impaired by the crash.

Her husband, Alan, suffered a punctured lung and their children Catherine, then 14, and Stephen, then nine, were seriously hurt. Last Friday the family from Grove, near Wantage, Oxon, was awarded £597,000, after suing Dunlop.

During the hearing it was revealed that the puncture was caused when the tyre's rubber tread stripped away from its steel bonding. Dunlop admitted knowing of the defect in 1981 but claimed the blow out was caused by the tyre being driven too fast whilst worn and under-inflated. Judge Wilson-Mellor ruled Dunlop was 80-per-cent liable for the accident.

The judge said Dunlop, which sold its tyre manufacturing division to a Japanese firm, SP Tyres, in 1985, never fully investigated the problem.

During the five-week court case the judge heard evidence from Dunlop's claims assessor, David Paine, that there had been claims of more than 300

similar accidents involving tread stripping from the SP4 tyre between 1985 and 1989. These, the judge said yesterday, were covered up. Management had advised Mr Paine to withhold information from the DoT.

The judge said: "The Department of Transport wrote to Dunlop asking for reports on these cases, and for a report of other cases of tread-stripping occurring to Dunlop tyres."

"These letters referred to Mr Paine who answered the first by repeating his view that the relevant tyre had failed for reasons unconnected with any defect... His management required him, in effect, to cover up information included in his schedule of claims."

Further reports, page 9

Peace blown apart? page 15

IN BRIEF

Blow for Murdoch

A Tory revolt has forced a change of policy to stop Rupert Murdoch's television corporation buying up the "crown jewels" of British sport. Page 3

Building hope

Cowboy builders could be doomed if recommendations including a compulsory warranty and specialist court arbitration are adopted. Page 4

Today's weather

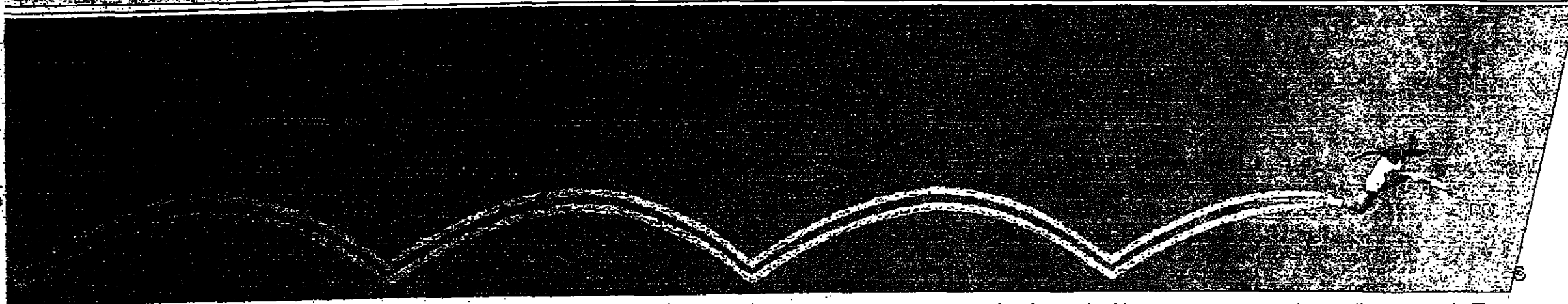
Cloudy and cool with showers in the south. Sunny spells in Scotland. Section Two, page 25



Section ONE BUSINESS 16-20 COMMENT 14-15 CROSSWORD 24 GAZETTE 12 LEADING ARTICLES 14 LETTERS 14 NEWS 2-11 OBITUARIES 12 SHARES 20 SPORT 21-24

section TWO

ARTS 12-15 CHESS 26 CROSSWORD 26 FASHION 16,17 HEALTH 9-11 LISTINGS 24 MEDIA 18-23 REVIEWS 14,15 TELEVISION & RADIO 27,28 WEATHER 25



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Ad

news

Euro row hits Clarke's upbeat appeal

COLIN BROWN
Chief Political Correspondent

Conservative Euro-sceptics were in open revolt against the Chancellor last night over the single currency in a row which threatened to overshadow his promises of economic recovery.

John Major will return from the Far East tomorrow under growing pressure from his Cabinet colleagues to settle the rift by backing a referendum on a single currency next week when

a European White Paper is published.

Kenneth Clarke yesterday infuriated the Euro-sceptics by strengthening his opposition to a referendum. Some Cabinet ministers, who are due to discuss the White Paper on Thursday, said Mr Major should overrule the Chancellor, in spite of the risk of it forcing his resignation.

"I can't see why Major does not agree to a referendum. It is absolutely inevitable. I think

something will be said alongside the White Paper to make it clear there will be a referendum," one Cabinet source said.

John Redwood, the former Cabinet minister, writing in *The Independent* today makes it clear that the single currency is the biggest issue facing the Government. Mr Clarke said a referendum would be considered when Britain considers joining a single currency.

Mr Clarke was blown off course by the clash with his own

backbenchers, in a Commons debate in which he had planned to boost Tory morale with the prospects for a consumer-led boom, fuelled by some of the £20bn from maturing Tessa tax-free savings plans.

Appealing to Tory voters with an economic assessment verging on "you've never had it so good", Mr Clarke said "Middle England" would see real improvements in its standard of living, with greater prosperity and more jobs "without a return

to boom and bust". Britain faced the "the most attractive economic prospects for a generation", the Chancellor said.

"There are great bargains for first-time buyers... The spring of 1996 could be a good time for the housing market," he said. His remarks, three days before his meeting with the Governor of the Bank of England, were seen as a clear signal of a further cut in interest rates.

But his optimism failed to quell Euro-sceptic MPs who

were furious at an interview in which he warned that Britain could expect to pay higher interest rates than Germany and France without a single currency. He was attacked as a "crackpot" by Teresa Gorman, one of the former whippers.

Tory MPs Bill Cash, a leading Euro-sceptic, angrily told Mr Clarke millions of voters were opposed to a single currency.

Senior Conservative sources said Michael Portillo, the right-wing champion in the Cabinet,

was against a commitment to a referendum because he feared he would have to resign from the Cabinet in order to fight for a "no" vote.

The Tory centre-left Macleod Group will back the Chancellor tomorrow in a policy paper – exclusively forecast in *The Independent* – calling on the Government to keep open the option of a single currency.

Inside Parliament, page 8
Leading article, page 14
John Redwood, page 15

Major calms fears over HK handover

DONALD MACINTYRE
and STEPHEN VINES
Hong Kong

John Major yesterday took steps to quell widespread anxiety in Hong Kong with a stronger than expected series of measures and pledged serious to build confidence in the colony in the run up to its handover to China in 1997.

As expected, the centrepiece of a package broadly welcomed by local politicians was the Prime Minister's announcement that around 2 million Hong Kong Chinese without UK travel documents will be able to visit Britain without visas.

But Mr Major went further by giving what he insisted was a firm guarantee that 7,000 mainly Indian and Pakistani potentially stateless ethnic minority residents would be able to come to Britain to live if the Chinese fulfilled their worst fears by putting them under pressure to leave the territory. And in a modest but powerfully symbolic move he promised to clear a legislative path to grant British citizenship to 27 wives and widows of Hong Kong soldiers who fought in the British Army in the Second World War.

In a strenuous, and apparently effective, effort to reassure the colony's population that Britain would retain "continued

responsibilities" for Hong Kong after the handover, the Prime Minister also promised to "pursue every legal or other avenue" to enforce the 1984 Sino-British Joint Declaration – including its provision for a democratic voice for the people of Hong Kong after 1997. Mr Major said that next summer the "eyes of the world" would be on Hong Kong as it reverted to China and declared: "Hong Kong will never have to walk alone."

The promise by Mr Major – who went further than before in firmly identifying the declaration as a legally enforceable treaty – raises the prospect of an action before the International Court of Justice or through the UN if China abolishes the elected Legislative Committee – as it says it is determined to do – without an adequate replacement.

However, the measures fall far short of the demands of many in the colony for full rights of UK residence for the 3 million holders of restricted British National Overseas passports.

Martin Lee, the leader of Hong Kong's largest political party, the Democrats, said he was "obviously happy" about the decision on visas. James Tien, from the business-oriented Liberal Party, said he hoped the move would be followed by other European countries.

Mr Major was given an enthusiastic reception during a walkabout at the Sui Tin shopping centre by several thousand ordinary Hong Kong residents – some shouting in Cantonese "thank you for the visas" – as he went on a handshaking tour of the crowd with the territory's governor Chris Patten.

In a speech to a businessmen's lunch in which Mr Major was passionate about the Hong Kong's dynamic ability to defy the predictions "of doomsters and gloomsters", the Prime Minister promised that British ministers would continue to say "in public and private" that it disagreed with China over its declared intention to dismantle the legislative committee and the territory's Bill of Rights.

British officials say they do not expect more than about 13,000 people a year to take advantage of visa-free access, which confers no rights of residence. There is little or no evidence of Hong Kong citizens using visitors' rights as a backdoor route to illegal immigration, but there was angry reaction from some backbench Tory MPs, who fear that many may now do so.

Home Office sources insisted, that if there was any evidence the concession was being abused, it would be withdrawn "at 24 hours' notice if necessary".

Pledges of support seen as empty words

Just over a month ago, the Foreign Secretary, Malcolm Rifkind, was in Hong Kong delivering the blunt message that the people of the colony should not expect too much from the outgoing sovereign power, whose hands were largely tied, in the remaining year and a half of colonial rule.

The message was not well received but was accepted as reflecting new realities. Yesterday, however, the Prime Minister delivered a seemingly entirely different message. His main theme, stated not once but several times, was, as he put it, that "Hong Kong will never have to walk alone".

He said Britain would be "vigilant" in making sure that agreements made with China over the transfer of sovereignty were kept and stressed the high level of business, trading and other connections.

After so many disappointments about British policy Hong Kong people are naturally sceptical about the motives of the Government in London. Martin Lee, the leader of the Democratic Party, the colony's largest party, was so confident that Mr Rifkind would do nothing about a vague promise to grant visa-access to Britain for holders of Hong Kong's new Special Administrative Region passports that he bet him £50 that the pledge would not be ful-

Analysis

filled. Yesterday, Mr Lee gave Mr Major a cheque to pass on to Mr Rifkind and wondered aloud whether he had finally hit on a way to make Britain honour its vaguely made pledges.

Others are not gambling, they are simply shunning all things British. On Sunday night, a dinner in Mr Major's honour was notable for the number of seats occupied by civil servants which, in past years would have been filled by business leaders and other prominent personalities who never turned down an invitation to Government House.

Mr Major told his audience that businessmen with access to Chinese officials had a "special responsibility" in the run-up to the handover. "If you don't appear to care about the survival of Hong Kong's system – its rule of law, its open government and a free society – then others may draw the conclusion that they don't really matter." The businessmen showed no sign of responding, however. They sense the presence of a dying regime and see no need to revive it.

But what of the bulk of the population who have no foreign passport in their back pocket and no access to the leaders of the new regime? What will they

make of Mr Major's visit? One young journalist seemed to sum up the general mood of cynicism. "He's just trying to look good by offering us visas for Britain. It's no big deal and costs him nothing."

The only member of the public permitted to ask Mr Major a question during his visit, rose at the businessman's lunch to ask the Prime Minister whether he could "sleep comfortably at night" after handing over 6 million people to a government they did not want.

This question produced Mr Major's only flash of anger during the day, causing him to confuse the lease which Britain holds for possession of the New Territories, with a lease for Hong Kong as a whole. It is the New Territories lease which expires next year, whereas the central part of the colony was ceded to Britain in perpetuity. It may be a pedantic point because the colony would find it difficult to operate without its New Territories hinterland, but it is indicative of the lack of attention that British politicians pay to the details of Hong Kong problems. Such things are noticed, and even when the Prime Minister comes bearing small gifts, they are received with little more than a shrug.

STEPHEN VINES



No entry: Adams (right) and McGuinness find their way blocked into Stormont Castle Photograph: Crispin Rodwell

Adams tries to seize PR initiative as talks start

DAVID MCKITTRICK
Ireland correspondent

Political talks at Stormont in Northern Ireland got off to an unpromising start yesterday when some of the invited people stayed away and some uninvited people turned up, to be refused entry.

The publicity initiative was seized by the Sinn Féin president, Gerry Adams, who appeared with a large party delegation, only to be unceremoniously turned away at the gates. He was told quietly but firmly by a government official that Sinn Féin was not to be allowed in. Inside the talks building the Northern Ireland Secretary, Sir Patrick Mayhew,

and the Irish foreign affairs minister, Dick Spring, were joined by the SDLP and Alliance parties, together with one of the fringe loyalist groupings, the Ulster Democratic Party.

The talks were boycotted by the Ulster Unionist Party, the Democratic Unionists and another loyalist fringe party, the Progressive Unionists. The DUP leader, David Trimble, and DUP leader, the Rev Ian Paisley, are instead to meet Sir Patrick in London tomorrow. Mr Paisley said he would not enter the building because of the presence of an Irish minister.

Sir Patrick made light of this difficult first day, commenting: "This is the first of 10 days of intensive talks, I am sure it is going to succeed. After long years of experience, I think it was an entirely predictable start, but we have had inauspicious starts before and we have come through to some quite good things."

Mr Spring added: "I believe all the parties should start talking to one another."

The talks, which are due to end on 13 March, centre on the question of what type of election might bring political advance. They are also intended to consider whether a peace referendum might be held, and to work out arrangements for the main all-party talks which are due to begin on 10 June.

Both the British and Irish governments have said ministers

will not meet Sinn Féin until the IRA call a new ceasefire, but there had been some speculation that Sinn Féin could have an input into the present round of discussions via meetings with government officials.

It now appears, however, that Sinn Féin are not to be allowed into the building in the absence of a ceasefire.

Sir Patrick described the appearance of the Sinn Féin delegation as "a demonstration designed to secure publicity". The SDLP leader, John Hume, said his party had been rather surprised by the exclusion of Sinn Féin, having assumed that they would be in the building and free to talk to other parties and officials.

British government on probation

David McKittrick examines the new layers of republican mistrust

Incidents such yesterday's piece of theatre at Stormont are being watched closely by the Irish republican community, which at the moment effectively regards the British government as being on probation.

The IRA army council, literally, calls the shots in terms of acts of violence. But that tight band of militarists has to pay attention to the wider republican community, broadly meaning the 80,000 people who regularly vote for Sinn Féin.

The Docklands bomb in London forced that community to face fundamental and challenging questions on the future. It is a notoriously difficult community to read, but the signs are it has collectively reached the key conclusion that it does not want a return to full-scale violence.

The observer in London or Dublin, noting this and also not-

ing that the British government has now met the primary republican demand of a date for all-party talks, might be forgiven for concluding a second IRA ceasefire is now on the cards. In Belfast, however, things look different, due to a factor which is no less formidable for being intangible: lack of trust.

The unanimous opinion of the republican community is that the British government, when presented with the first IRA ceasefire, regarded it not as an opportunity to bring Sinn Féin into politics, but as a chance to push for an IRA surrender.

Republicans all now say the same thing: that the British were not serious about the

peace process, did not engage properly with it, did not respond in any imaginative way and instead followed a British and Unionist agenda.

The universality of this opinion means that fresh new layers of suspicion have been laid over ancient accretions of mistrust. A date, 10 June, may have been set for talks, but republicans are looking for proof that a new ceasefire would produce a more imaginative and flexible British response.

Republican suspicions so high that, even if it wished to, the army council would probably feel inhibited from declaring another ceasefire at this point. The fact is that it does not have to make such a move.

With the June date in every-

one's diary, the IRA now has the luxury of being able to wait and see. London and Dublin have specified that Sinn Féin will not be allowed to enter the all-party talks without a ceasefire, but the IRA can pick its moment for such an announcement.

Technically, it could do so at midnight on 9 June. It could also set off another bomb or bombs. Rightly or wrongly, most people in Ireland have drawn from recent British government behaviour the moral that violence produces results.

Between now and 10 June, the republican community as a whole will be seeking signs that a new ceasefire would be followed by a new inclusive British approach. Those hopeful for such signs will have been dismayed by yesterday's scene, with its clear implication that exclusion is still the order of the day.

IN BRIEF

Cash payout for sex abuse

Four families whose children were taken from their homes by social workers in a bungled sex abuse investigation in 1991 yesterday received undisclosed damages – and a formal apology from Orkney Island Council.

The children spent time in care by a sheriff in the prosecution of the parents, describing it as "a fatal flaw" and a "judicial inquiry by Lord Clyde" condemned the social workers involved for acting hastily, without enough thought.

Car thieves hunt

Police in Liverpool are searching for joyriders who stole a £21,000 Vauxhall Senator from behind the city's Philharmonic Hall and abandoned it some hours later in Toxteth, undamaged but minus its mobile phone. The car belongs to Mr Paul Acres. Assistant Chief Constable of Merseyside.

Rock on, Tommy

Tommy, the stage version of the rock musical written by Pete Townshend of The Who, has taken more than £1m in ticket sales before its opening today at the Shaftesbury Theatre in London. The show stars Kim Wilde and unknown Paul Keating, 19, as the spurned deaf and dumb pinball wizard.

New cancer drug

The first new anti-cancer drug in 35 years will be available next week. Tomudex is described by the Cancer Research Campaign as a substantial advance in the treatment of bowel cancer, the second most common after lung cancer in men and breast cancer in women and the cause of 20,000 deaths a year.

Cyprus verdicts

Trial verdicts on three British soldiers accused of kidnapping and killing a Danish tour guide on Cyprus will be delivered by judges in Larnaca on March 28. The battered and semi-naked body of Louise Jensen, 23, was found in a shallow grave on the Mediterranean island in September, 1994.

Scheme extended

The Government scheme to help people sleeping rough in central London is to be extended. The Rough Sleepers Initiative, which helps the homeless find accommodation, will first be introduced in Bristol, followed by consideration of 23 other areas in England which say they have a problem.

RUC killer jailed

An RUC constable who murdered his wife and two children was jailed for life. A Belfast jury convicted John Torney, 40, of shooting his wife Linda, 30, their son John, 13, and 10-year-old daughter Emma with his police-issue revolver at their home in Cookstown, Co Tyrone, in September, 1994.

Safe at the double

Two climbers were found safe after sparking a major rescue operation in the Cairngorm mountains for the second time in 48 hours. One was airlifted to hospital, the other required no treatment. The two men, who have not been named, were also rescued on Saturday.

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TV sports rights: Lords call a halt to Murdoch buy-out

Bottomley retreat on 'jewels in the crown'

MARIANNE MACDONALD
Media Correspondent

Virginia Bottomley yesterday retreated in the face of a Tory revolt in the Lords by announcing a change of policy to stop Rupert Murdoch's satellite television corporation buying up the exclusive rights to the "crown jewels" of British sport. The National Heritage Secretary bowed to pressure after a defeat last month by a 117 majority in the Lords to keep open access to Britain's main sporting events on BBC and ITV.

It was an embarrassing climb-down for Mrs Bottomley, campaigners were jubilant at the victory by the cross-party alliance which forced the change on the Government in the biggest upset in the Lords since the poll tax in 1988. The Heritage Department said it proposed bringing forward an amendment to the Broadcasting Bill to guarantee that live coverage of the "listed" sporting events was available on BBC and ITV.

The events are the Derby, Grand National, Wimbledon finals, FA Cup Final, Scottish FA Cup Final, the soccer World Cup, Olympic Games and England's home cricket Tests.

The same group of peers, including Lord Weatherill, the former Speaker of the Commons, are threatening to defeat the Government again today with an amendment to the Bill which would give BBC or ITV the right to highlights of national rugby or golf events, such as the Ryder Cup, bought up exclusively by BSkyB.

Lord Inglewood, the broadcasting minister, announced the policy shift in a written answer after a hastily announced consultation exercise which many saw as an attempt to

head off the Lords' rebellion. He said the concession followed government recognition of "the strength of public and parliamentary concern".

The move was welcomed by the BBC and ITV, although Labour's national heritage spokesman, Lord Donoughue, said he wanted to see more sports given protection, not just the eight listed events.

Sky was believed last night to be claiming victory, saying the Government's only concession had been over the "crown jewels", none of which it has broadcast or bid for in the past.

The issue of sports rights has been red-hot since Sky Sports began outbidding terrestrial channels for rights to screen sports events such as next season's Endsleigh League and Coca-Cola Cup matches. Other broadcasters said Sky was building a sports monopoly using funds they could not match.

It has been able to do so as a result of what some have portrayed as an oversight in the 1990 Broadcasting Bill, which prohibited listed events being shown exclusively on pay-per-view television but, crucially, did not also exclude satellite channels such as Sky.

Lord Inglewood also gave the government line on another amendment to the bill, due to be debated in the Lords tomorrow, to oblige sporting bodies to "unbundle" broadcasting rights. It would require sporting bodies to offer highlights of an event to another broadcaster if, say, a rival television station had bought exclusive live rights.

Today the Lords debate on the broadcasting bill is expected to consider another bone of contention: whether cable broadcasters should be legally obliged to carry BBC and ITV.

Zoologist appeals for new home for 'badger woman'

Desmond Morris, the zoologist, yesterday appealed for a new home for a naturalist facing eviction from her badger sanctuary, writes Ros Wynne-Jones. Mr Morris hopes someone can offer Eunice Overend some where to live and work.

A decade ago, Paul Lysley, an organic farmer in Castle Combe, Wiltshire, agreed to give Miss Overend, known to

television nature programmes as "the badger woman", a 15-acre pocket of land. Recently Mr Lysley gave land, including Miss Overend's 15 acres, to a former partner, Brenda Eppey, who ordered Miss Overend, 76, to leave the property.

Ms Eppey's solicitor, Owen Strickland, said the matter was one of planning permission for Miss Overend's caravan.

Sing if you're glad to be grey, says Saga Radio

MARIANNE MACDONALD
Media Correspondent

Saga Radio Top 5

1. The Way We Were
2. When I'm 64
3. As Time Goes By
4. Evergreen
5. Granny's Song

Saga, the company whose success is built squarely on the "grey pound", has fixed its sights on a lucrative new market - radio for the over-55s.

Its application for the new Yorkshire FM licence, like its other activities - which include holidays and direct-marketing insurance - displays its now customary commercial nous.

Saga is one of 13 groups competing to win the largest,

and potentially the most lucrative, radio licence outside London. It includes Sheffield, Leeds, and Hull, and covers more than 3 million adults.

While every other application for the eight-year licence -

to be awarded in the next four months - offers a well-rehearsed recipe of speech plus indie, dance, soul or easy-listening music, Saga pledges to target people either in, or approaching retirement.

The group has built its direct marketing insurance and publishing business by selling to the 18 million people in the UK over 50. Of those, the 1.3 million in the Yorkshire area spend an estimated £11bn a year.

Saga's research shows that commercial radio commands at

least 50 per cent of listening share in every age group - apart from those aged over 55, where the share dips to 30 per cent.

More than half of older people think the media does not treat them seriously, and 45 per cent listen to the radio "less often nowadays".

"In the radio industry it's a neglected market," says Tim Bull, strategic planning director for the Kent-based Saga Group. "One just has to look at the formats available to see they

aren't designed for an older audience."

Mr Bull said Saga would offer half speech and half music in its daytime schedule, together with an information-based approach, offering tips and leads on pursuing hobbies and pastimes - particularly gardening - and advice on personal finance and health.

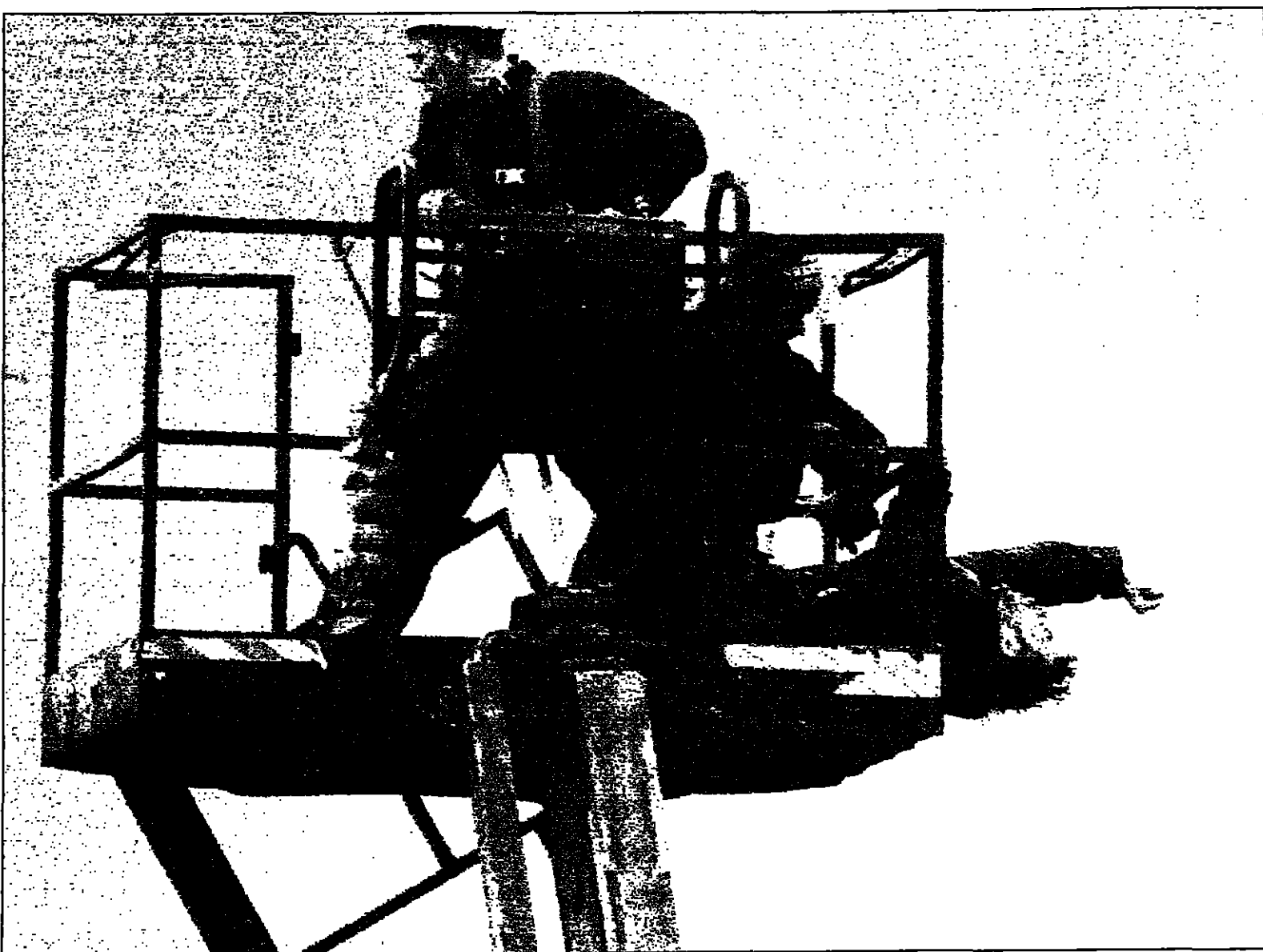
If awarded the licence, Saga aims to go into profit in the middle of its third year, then to make at least £750,000 a year. In 1984 the group relaunched

Saga Magazine, which is a subscription only product aimed at the same age group. It now has a circulation of 650,000, up 50 per cent in the last two years.

Another success story, serving the same age group, is *Years*, which has seen circulation rise every year since 1989.

Its editor, Neil Patrick, said: "I think the majority of other magazines are condescending towards people this age group. Our readers tell us what interests them and almost dictate what the content should be."

Battle of Newbury: Thirty arrests on third day of bitter clashes with bailiffs



Hanging around: A protester is brought down to earth by a bailiff at Newbury yesterday

Photograph: David Hartley

Bypass for first cuckoos of spring

CLARE GARNER

Thirty protesters were arrested and a security guard taken to hospital in a third day of eviction battles on the route of the Newbury bypass evictions yesterday, as it was announced that tree-felling would not be halted when the first cuckoos are born later this month.

Campaigners and police were locked in hand-to-hand fighting when mounted police and bailiffs with riot shields resumed their efforts to pluck the treetop protesters from their camps.

More than 100 protesters, in-

cluding pensioners and local residents, repeatedly sat in front of bulldozers and mechanical cranes as they made their way down a muddy slope, but several hundred police and security guards manoeuvred the machines into position at the base of the trees.

Some protesters complained of brutal police tactics, allegedly including bending thumbs and fingers backwards and applying pressure to sensitive points around the head.

A security guard in his early 20s was taken to hospital with a back injury after he was repeatedly kicked and punched as

he tried to surround a tree earmarked for felling. One protester crashed 15 feet to the ground after contractors chopped down a small tree while he was still in the branches. He was gashed across the forehead but refused to give up his place amongst his colleagues.

The protesters were angered by what they saw as the Highways Agency's disregard for nesting birds. It was previously thought that clearance work would be put on hold until cuckoos and other birds had built their nests and raised their young, but the Agency said it

was happy to carry on into April, provided none of the trees or bushes they cut down contain nests.

A Highways Agency spokesman said: "We have various wildlife patrols who check the whole of the habitat to check there is no wildlife in the area that shouldn't be there. As of 31 March, in addition to our regular patrols, we have been advised by English Nature that we should have experts in residence on call 24 hours a day, just to do literally an inch-by-inch search to make sure there are no nesting birds."

A spokesman for Friends of

the Earth said: "If they are felling trees around birds' nests that is bound to disturb the birds. Birds are very nervous when they are nesting and I can see eggs and young being abandoned as chainsaw gangs move in."

Now the protesters, who have been desperately trying to delay the work and make it extend into the "banned" period, are trying a last-ditch attempt to outwit the contractors. "We are going to plant nesting boxes in the trees. We are appealing to our feathered friends to get to Newbury as quickly as possible and get nesting."

The split emerged in a poll of Roehampton's 80 doctors. The majority, who tended to be drawn from the more junior, inexperienced ranks, was firmly opposed, while a minority was in favour. However, as the minority comprised mainly of the hospital's most senior staff and included many consultants, the decision was taken to launch a test experiment.

On average, three or four patients a week at Roehampton suffer cardiac arrest and undergo resuscitation. In two months' time, once staff have been trained to cope, patients' relatives and next of kin will be allowed to be present.

Dr Michael Mitchell, a consultant in the A&E department, favours the proposal. "There is a growing feeling among doctors that the grieving process of relatives would be helped if they witness resuscitation," he said yesterday.

With the success of *Casualty* and *ER*, "people are much more aware and more sophisticated as to what to expect," he said but warned that it was "still a very traumatic sight, no matter how often someone has seen it on TV", and said the main priority was that relatives' wishes must be obeyed.

Hope fades for missing girl as police find body

JASON BENNETTO
Crime Correspondent

The body of a girl - almost certainly that of Rosemary McCann, aged five, who went missing while sleeping in her bedroom - was found in a bag dumped in an alley yesterday.

The dead girl, who was wearing red pyjama bottoms similar to those worn by Rosemary, was

left in a narrow passage behind terraced houses in Oldham, Greater Manchester.

Police found the body about 350 yards from where Rosemary was last seen seven weeks ago. The area had already been examined during a mass hunt for the girl, but a fresh search uncovered the body yesterday morning at Little Bank Street in the Roundhorn area, about

a mile from Rosemary's home. Rosemary's mother, Josephine Mahon, 26, was said to be devastated last night.

The girl was last seen by her mother asleep in her bed at about midnight at their home in Kipling Road, Oldham, on 14 January. She disappeared from her bed, wearing only pyjamas, while her mother was at a neighbour's house. A babysitter

was in the house, but when Ms Mahon returned at 2am the babysitter was asleep and Rosemary had gone.

A 31-year-old man, Andrew Pountney, of Kew Road, Oldham, has appeared in court charged with Rosemary's abduction. Detective Superintendent Ronald Gaffey, of Greater Manchester Police, said: "We have a man in custody and ...

I will obviously be talking to him." Det Supt Gaffey admitted that the spot where the body was found had already been searched. "You must bear in mind we [searched] something like 40 square miles of Oldham originally," he said. "Today we made a more detailed search on the basis of our investigations so far and that led us here."

Home Office pathologist Dr

Bill Lawlor was carrying out a post mortem examination; the body will be formally identified later. Det Supt Gaffey said it was impossible to say how long the body had lain in the passage, or what the cause of death was until after the post mortem.

Hope of finding Rosemary alive deteriorated after weeks of intensive searching failed to find the girl.



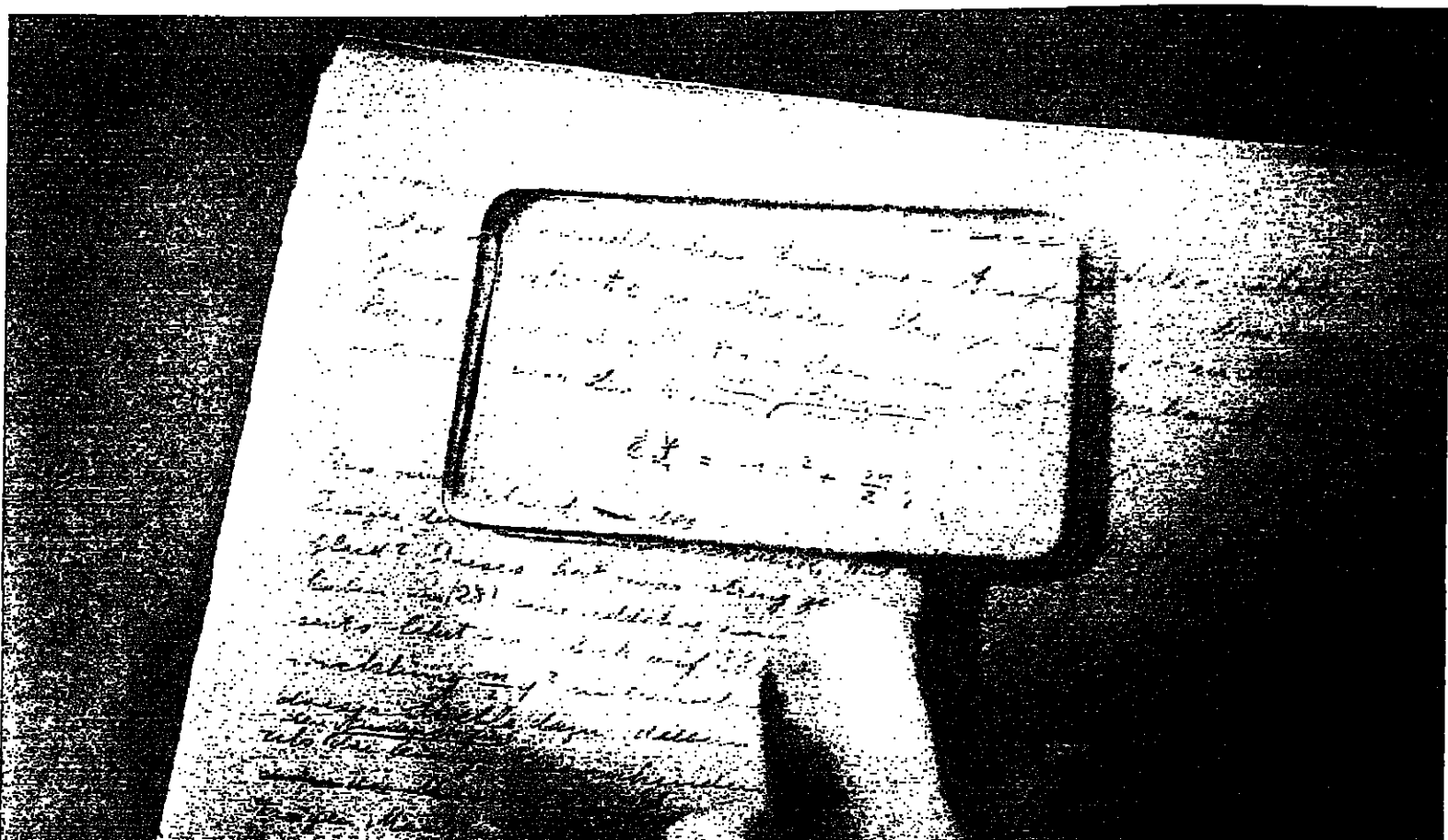
Rosemary McCann: Missing

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Physical evidence: Einstein's famous equation, complete with crossing out, from the scientist's earliest surviving manuscript detailing his Theory of Relativity. It is expected to fetch between \$4m (£2.6m) and \$6m at Sotheby's in New York on 16 March. Photograph: Philip Meech

Soames pledges to defend forces' ban on gays

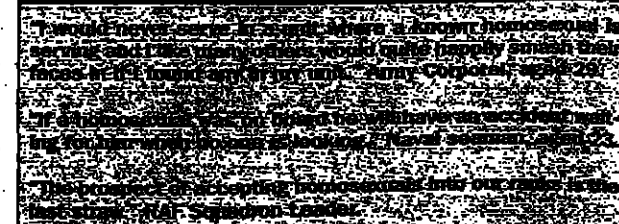
HEATHER MILLS
Home Affairs Correspondent

The controversial ban on gays in the armed services will be defended by the Government "every inch of the way" - even though it is likely to be forced to change its policy by the European Court of Human Rights.

Yesterday Nicholas Soames, the Armed Forces Minister, cited a survey of servicemen and women which found 80 per cent supported the existing ban, and claimed any change would harm operational effectiveness, could lead to breaches of trust at critical moments and a serious loss of morale.

A postal survey of 13,500 service people, and detailed ques-

The view from the mess hall



tionnaires completed by 1,710 military personnel, found that the vast majority did not regard homosexuality as "normal" or "natural" - some expressing extreme homophobic views. Four out of five males said the thought of sexual acts between two men revolted them and a similar number claimed homosexual cliques would damage unit cohesion.

But gay rights groups yesterday accused the Ministry of Defence of rigging the poll to maximise support for its exclusion of gays and lesbians, saying questions were loaded and those surveyed were forced to give their names. Some were obliged to fill in forms in front of senior officers who had already expressed their opposition.

Angela Mason, of the group Stonewall which is supporting the legal challenge to the ban, which - if it fails in the Lords - will appeal to the court in Strasbourg, said: "The climate created around the survey was such that it was difficult for people to express an honest opinion."

But she claimed that, more importantly, the evidence from countries such as Australia, Canada, France, the Netherlands and Israel, which did not operate or had lifted bans, was that there had been no impact on fighting power. "These conclusions seem to have been totally ignored in the report's main recommendations."

Four gay ex-service personnel - the former Lt Cdr Duncan Lustig-Prean, 36, ex-RAF Sgt Graeme Grady, 32, ex-RAF nurse Jeanette Smith, 28, and the former navy weapons engineer John Beckett, 25, have so

far unsuccessfully fought to challenge the ban in the British courts and are waiting to take their case to the House of Lords. If they fail in their attempt, their claims of discrimination will go to the European courts. Lawyers have advised the Government that its policy could well be outlawed by human rights judges in Strasbourg.

Yesterday it emerged that the MoD is also likely to be found guilty of racial discrimination. A two-year investigation by the Commission for Racial Equality has apparently found that racism is often encountered within the Army. But while the CRE would not comment, the MoD, which has accepted the investigation's broad findings, insisted it was not "wide-spread". Figures for 1993/94 show that recruitment from the ethnic minorities totalled just 1.8 per cent in the Royal Navy, 1 per cent in the Army and 0.5 per cent in the RAF.

However, Mr Soames, armed with the 250-page review by the Homosexuality Policy Assessment Team - which is based largely on the survey of forces personnel - remained confident about policy. He said of the review: "We believe we would stand a very good chance in the European Court."

The report, set up late last year to review the gay ban after the legal challenges, concludes that "homosexuality remains in practice incompatible with service life if the Armed Services in their present form are to be maintained at their full... fighting power".

Another view, page 15
Leading article, page 15

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Warning shot fired at cowboy builders

JOJO MOYES

Cowboy builders, the scourge of householders across Britain, could become a thing of the past if the recommendations of a new report by the human rights and law reform group Justice are adopted.

It has issued *Protecting the Householder Against Defective Building Work*, which highlights the difficulties people experience when faced with shoddy building work and examines how they can win redress.

The report recommends big changes to law and practice, including the introduction of a compulsory insurance-backed warranty for building work, specialist court arbitration, voluntary registration schemes for builders and a "house handbook" detailing works done.

It says more than £12bn is spent every year on building work, with a further £1bn being

spent in the "black economy". More than 60 per cent of the "declared" work is done either by one man or small firms.

There are no licensing and registration requirements for builders and one survey published last year found that only half those working even in reputable firms had a formal construction industry qualification.

Many people are attracted to small, local firms because of the informality, ease and avoidance of VAT. But there is no recourse if things go wrong. Subsequently, there are estimated to be as many as 3 million complaints against builders every year.

Lord Alexander of Weedon QC, chairman of Justice, said that over the past 25 years many attempts had been made to tackle the problem of cowboy builders, without success. "I hope this report will provide a catalyst for change which will

lessen a problem that troubles so many householders every year," he said.

The report's main recommendations include legislation requiring builders undertaking any reasonably large-scale work to register with a government-approved insurance scheme. It also wants county courts to provide arbitrators with experience of building disputes for cases involving amounts not exceeding £10,000, promotion of a system of voluntary registration for builders, and says that lenders should be encouraged to impose as a condition of a loan for improvements that the work be carried out by a registered builder.

The report was welcomed by the Consumers Association, which said that the complaints it received tended to be "really worrying". Ashley Holmes, the association's head of legal affairs, said: "It's a big problem

and defective building work can be quite devastating. It would need some legislation so we need Parliament to do something about it. I'm not sure there's the political will but there certainly should be."

He said some recommendations could be implemented immediately, such as the voluntary registration of builders and the adoption of a house handbook. "The most basic thing that wouldn't cost anything is preventative medicine. People should go out of their way to try and find good builders," Mr Holmes said.

"Go and get two or three quotes and ask for recommendations from other consumers, and then go out and look at the work they've done. A little leg-work can save a lot of trouble."

Protecting the Householder Against Defective Building Work; £4.50; Justice, 59 Carter Lane, London, EC4V 5AQ.



History lesson: A group of children and their teacher learn about life at York Minster during a schools' week venture organised for 2,500 pupils from Church of England schools in the York diocese. Photograph: Asadour Guzelian

From dream home to house of heartbreak

Amanda Smith and her husband thought they had insured themselves against problems when they had their dream house built for their family, writes Jojo Moyes.

They knew their builder, who was well thought of in the local community and whose large company offered a brand-named warranty as well as being registered with many other warranty providers and builders' organisations.

The plans were drawn up for their four-bedroom detached house and the first few months of building appeared to go without a hitch.

"The first indication we had that all was not well was when the double glazing would not fit. The builder had taken it onto himself to fit inferior window frames to those agreed, costing around half the price. He then claimed we had agreed," Mrs Smith said.

"They also did the same with the bricks. They said they couldn't get the bricks that we wanted and sold us some at a greater price. But we later found that the bricks we wanted had been available."

Soon, other serious faults came to light, including subsiding floors, unattached roof tiles, an overflowing sewage system and leaking doors and windows.

"The builder demanded full payment for the work, saying

that once it had been received he would take steps to rectify the faults and issue the warranty. We refused to pay and withheld £18,000 of the £98,000 until the house had been properly completed."

They called the warranty organisation, which said it could not get involved unless it had the builder's warranty number. He would not give it unless they paid him in full.

Five years of legal wrangling ensued, in which Mrs Smith said she became "sick with worry". The builder issued a writ for full payment and the warranty organisation agreed to conciliation. "Five times they gave him a notice period to carry out the work, which he did not comply with. After all this they stated they were unable to complete the work because the matter was *sub judice*."

The eventual cost of the remedial work was around £50,000, of which half was met by the Smiths (including the £18,000 they had withheld) and £25,000 from the warranty.

"I think the new recommendations would have helped. I also think it would be a good thing to make sure that any alterations to the specifications should be signed by the builder, owner and architect," said Mrs Smith.

(Names have been changed)

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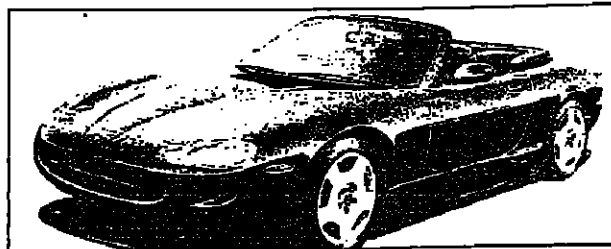
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news

Jaguar hopes for instant success with unveiling of a classic show-stopper



Stylish model: Jaguar's new 4-litre XK8 sports coupé

NICOLE VEASH

It is being hailed as the spiritual successor to the classic Jaguar E-type, the sports car which stopped a generation in its tracks when it was launched 35 years ago. The new XK8 sports coupé, unveiled today at the Geneva Motor Show, will replace the 20-year-old XJS when

it goes on sale in October. Jaguar hopes the new model, which is said to have the performance of an Aston Martin DB7 but will sell for two-thirds of the Aston's £78,500 price, will appeal to car lovers of all ages.

The new Jaguar is bigger than the old E-type and combines characteristics of the classic sports coupé with the

XJS's grand tourer style. It will cost £52,000 and the company hopes to sell about 12,000 cars in the first year. It has a new four-litre V8 engine which uses less fuel than recent Jaguars.

Andy Pegee, director of the Classic Car Club company, said: "I don't think anything will replace the E-type. But this new Jaguar is definitely a stylish

car, unlike a lot of cars on the road which are indistinguishable, so it could be a classic in the future."

The E-type was an instant sensation when it was launched at Geneva in March 1961. Half the price of an Italian exotic or an Aston Martin, it was seen then as heralding a new generation of sports machines.



Irreplaceable: The E-type was an instant sensation in 1961

Stalker jailed for terrifying sex obsession

JASON BENNETT
Crime Correspondent

A Falklands war veteran, who stalked a woman with whom he became obsessed, was jailed for three years yesterday for the psychological harm he caused.

Anthony Burstow, 36, a former Royal Navy petty officer, terrified Tracey Sant, 28, by sending her a soiled sanitary towel in the post, stealing her underwear from a washing line and writing sinister notes. He signed one note "666". Reading Crown Court was told.

Burstow admitted a charge of "grievous bodily harm" against Ms Sant. The prosecution argued that Burstow's harassment caused "psychological" damage to his victim.

Judge Josh Lait said he had subjected Ms Sant to a "prolonged mental ordeal" and had "sought to control her whole life". He said Burstow had intended to cause Ms Sant psychological distress.

The case comes at a time of

growing concern about the activities of stalkers whose victims face persistent harassment.

Under existing laws, stalking is not a crime. It is only the ensuing actions, such as threatening, abusive, or insulting behaviour that enable the police to act. The Labour Party is drawing up proposals to make stalking a criminal offence that would carry a maximum jail sentence of four years.

In yesterday's case, Paul Reid, prosecuting, told the court that Ms Sant and Burstow — both of whom were married — struck up a friendship while she was a civil servant in the summer of 1992.

Mr Reid said she ended the relationship in August 1992 because she felt Burstow was becoming too involved. This was the start of his obsession.

In January 1993, Burstow was bound over to keep the peace for two years after making nuisance phone calls and following Ms Sant in his car.

In September 1993, he was

jailed for three months for damaging her car. In March 1994, he was jailed for 18 months for burgling Ms Sant's home and taking underwear.

Ms Sant moved to live with her parents, but Burstow sent her disturbing packages, including the sanitary towel, made more offensive phone calls and scattered condoms in the garden.

Burstow was arrested by police on 12 July last year when he was caught lying in wait for her.

Ms Sant had been suffering from severe depression, panic attacks and sleeping difficulties — all brought on by Burstow's psychological warfare.

It was one of a handful of cases where the psychological effects of stalking have been used to prosecute. In March 1995 Robert Banks, of Wakefield, West Yorkshire, was jailed for two years for the mental harm he caused by stealing his victim's underwear and sending her obscene photographs. His victim suffered stress and depression.

Pensioner saved from jail

WILL BENNETT

A sympathiser saved a 79-year-old animal rights campaigner from prison yesterday after paying off the remains of a fine imposed for turning a hosepipe on a police officer during a demonstration against live exports.

Tilly Merritt, who became one of the best-known campaigners against the live animal trade in the Essex port of Brightlingsea, was about to leave for Holloway prison in north London when Lewis

Hazel, 65, and also from Brightlingsea, stepped in.

Two months ago Mrs Merritt, a widow and great grandmother, who lives in Brightlingsea, was fined £150 with £102 costs and ordered to pay £50 compensation for assaulting the policeman during the demonstration in the port last August.

An anonymous donor paid all but £50 of the £302 penalty, but at Colchester magistrates' court in Essex yesterday Mrs Merritt remained defiant about paying a penny herself.

She said she was not happy

that someone else had paid most of it and as supporters in the public gallery shouted insults at Adrian Amos, the chairman of the magistrates, she added: "I would sooner go to prison."

Mr Amos told Mrs Merritt: "Regrettably, the court has to send you to prison for two days."

Mrs Merritt said after her release: "At first I was a bit uptight about being released. I was a bit disappointed. I was prepared to go to jail, I had my bag packed. But he meant well, he did not want to see me go to jail."



Weighing in: Barbara Hepworth's sculpture *Contrapuntal Forms* being lifted into place outside the Royal Festival Hall, London, where it resides again for the first time in over 40 years. The four-tonne work, in Irish blue limestone, was commissioned for the 1951 Festival of Britain before being removed to Harlow, in Essex. Photograph: Kippa Matthews

Patients unaware of new remedies for arthritis

GLENDA COOPER

Millions of arthritis victims are suffering unnecessarily because of ignorance about effective treatment, a medical research charity claimed yesterday.

Early treatment can prevent destruction of joints but too many sufferers, particularly older people, still believe nothing can be done to help and do not ask their doctor to refer them to a rheumatologist, says the Arthritis and Rheumatism Council.

The charity, celebrating its diamond jubilee, launched a campaign yesterday to raise awareness among sufferers and doctors of progress in treating this debilitating disease. At present more than 11 million people in the UK suffer from arthritis but it is only in the past 10 years that new drugs and surgery have been able to offer relief from the worst symptoms.

Many arthritic diseases can be treated and controlled so that they are no longer a problem with treatment concentrating on the relief of pain, maintenance of maximum joint function and the treatment of the disease process. Recent research has also shown that steps can be taken to reduce the onset of osteoarthritis and osteoporosis with regular exercise.

The treatment of rheumatoid arthritis in its early stages has been particularly successful. Within the past year, two drugs

— corticosteroids and cyclosporin A — have been used to relieve symptoms.

Research also suggests that not only do patients have a right to know more about their arthritis but that knowledge itself can help in the treatment. Dr John Kirwan, consultant rheumatologist and chairman of the ARC's education committee, said patients who take control of their disease and work in partnership with their GP do much better than those who are dependent.

"Helping yourself can be as important as the new drugs. That is why we need more education as part of the treatment for arthritis sufferers," he said.

Over the years the ARC has campaigned for the NHS to create the specialty of rheumatology, and has funded 14 chairs of rheumatology at different universities including Manchester, Glasgow and Leeds.

Dr Kirwan added: "Treatment should be sought as early as possible. There is growing evidence that the earlier therapy is given the better the chance of preventing the joint destruction which is characteristic of most types of arthritis. It is a tragedy when people do not receive treatment when there is now so much more that can be done."

■ *Arthritis Can Be Treated*: large SAE for 29p to ARC, PO Box 177, Chesterfield, Derbyshire S41 7TQ.

DAILY POEM

Kith

By Marion Lomax

On the other side of the border
they call this *Scotia Irredenta*:
unredeemed.

A few coffers of coins
didn't change hands; a battle was lost
instead of won; the in-between land
stays in-between.

A line on a map
moved back through the years
down to the Tees.
England was never an only child
but has grown to think so. Stone streets dip —
rise. They're burning coal on morning fires
in dark front rooms: smoke gusts over roofs.
Gardens, late coming into flower,
brazen it out with bright aubrietia.

I've followed the hills to Carter Bar
past lost peels, and moors where soaking sheep
stagger between tufts of died-back grass.
Standing in the rain, she's there — harassed,
hurt — a foster-mother, telling me
she hasn't much to offer. I'll take
my chance: I don't believe her.

The bends
on the border
won't make up their minds.
Five times
they twist me round, but I still
head north.

In 1138, David I, King of the Scots, moved the Scottish border down to the Eden and the Tees. For much of the 11th century Northumbria alternated between Scotland and England; at one stage Northumbria stretched to the Firth of Forth and Cumberland was part of the Celtic kingdom of Strathclyde. The changing border — it finally settled in the 13th century — is the starting point for this, the first poem in Marion Lomax's collection, *Riding the Borders*, published this month by Bloodaxe at £6.95. These are accomplished forays through time and place.

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Woolworths has learned of a potential fault in its own brand First Cutlery Set whereby the middle two prongs of the fork become accidentally fractured by the application of force thus presenting a possible choking hazard.

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Alternatively, the First Cutlery Set can be returned to Woolworths by parcel post for Customer Relations, Woolworths plc, 24-26 Marlborough Road, London NW1 6JL. Purchase price, postage and packaging will be refunded in full. Telephone enquiries should be directed to Woolworths Customer Relations on 0171-262 1222.

School-leavers' pay down 20%

BARRIE CLEMENT
Labour Editor

Nearly half the 16-year-olds who leave school are paid less than £1.50 an hour and their average wage has dropped in real terms by one-fifth in five years, according to research published today.

The average hourly pay for school-leavers was £1.63 in 1995 compared with £1.69 in 1990, the Low Pay Unit has found in an analysis of data from the careers service and JobCentres in Greater Manchester. That represents a fall in cash terms of 3.6 per cent, but a drop of 18.9 per cent when the cost of living is taken into account.

The unit, which believes its data reflects the national pic-

ture, found that nearly 55 per cent of the jobs for 16-year-olds and 48 per cent of those for 17-year-olds paid below the National Insurance threshold — at present £58. In 1990, about 10 per cent of jobs for 16-year-olds and 7 per cent for 17-year-olds were under the minimum.

Gabrielle Cox, author of the report, said: "It is bad enough for adult workers to face exploitation, but a society which allows its young people to be treated in this way must question its sense of values."

Case studies showed that one 16-year-old was paid £30 for a 40-hour week in a garage. When he inquired about compensation for losing the top of a finger at work, he was told he was a "sub-contractor".

Check on boy's care for mother

PAUL FIELD

Tower Hamlets council has promised the High Court that it will assess the needs of an epileptic woman and her 10-year-old son who is her sole carer.

Annabel Benjamin, 35, is susceptible to black-outs and violent fits and her son, Sean, is often the only person on hand to help her. They took their case to the High Court in an attempt to force their local authority to provide assistance under community care and children's legislation.

A judge granted leave for a judicial review of the case. Tower Hamlets was given 28 days to file evidence to the High Court. Ms Benjamin has been

epileptic since Sean was born and has an average of three violent fits a day. She seldom leaves her second-floor council flat, terrified that she will pass out in the street.

"It is not fair that a 10-year-old cannot enjoy his childhood because he feels obliged to look after me," she said.

Despite approaches to Tower Hamlets council, the family has not been assessed for assistance, such as a sitting service to allow Sean to pursue activities outside school.

After the hearing, Nicola Mackintosh, representing the family, said: "Her [Ms Benjamin's] fits have increased as a result of the lack of action from social services and Sean should be allowed to be a child."

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politics

Labour told to seek more 'experts in life'

BARRIE CLEMENT
Labour Editor

The Parliamentary Labour Party is full of "luvvies", lawyers and economists who know little or nothing about life, according to the leader of one of Britain's largest unions.

The Amalgamated Engineering and Electrical Union is among the party's most loyal affiliates. But Davey Hall, recently elected president in succession to the right-winger Bill Jordan, has urged the Labour leadership to attract potential MPs who are more in touch with ordinary electors.

According to union sources, Mr Hall's remarks - at the AEEU women's conference in Eastbourne yesterday - were not only a reference to Tony Blair's arts world devotees like Lord Attenborough and Barbara Follett, but also to a record of potential MPs known as "Tony's List".

This is said to be a catalogue of prospective candidates who would be loyal to the Labour leader, but union officials say it has superseded "Emily's List" - a roll call of women being groomed and pushed to enter



Supporting cast: The writer Barbara Follett and the film director Lord Attenborough have lined up behind Tony Blair

parliament, Mr Hall told delegates: "It is crucial that our political representatives are in touch with the people that put them in parliament. Of course we need experts in economics and experts in law, but above all we need experts in life."

The speech was also targeted at Michael Wills, a former adviser to Gordon Brown, Labour's treasury spokesman. Also a friend of Peter Mandelson, MP for Hartlepool and Mr Blair's public relations guru, Mr Wills has since become a tele-

vision producer. More importantly for the union, he beat the shop steward Jim D'Avila, an AEEU candidate, to become parliamentary candidate for Swindon North amid claims of ballot irregularities.

Mr Hall is angry about the treatment of Mr D'Avila, who took legal action over alleged fraud in the selection. Labour's national executive voted against a new election and will choose the prospective MP from the five original candidates.

'You're a snake-oil salesman' jibe at Forsyth

PATRICIA WYNN DAVIES
Political Correspondent

An 11th-hour £98m lifeline to Scottish local authorities was yesterday dismissed by MPs and councils as a panic U-turn that would fail to tackle underlying financial problems.

Michael Forsyth, Secretary of State for Scotland, also drew vitriolic criticism from a nationalist MP as he outlined the package at the Commons Scottish Grand Committee sitting in Kilmarnock, Strathclyde.

Mr Forsyth came forward with a rescue package 24 hours before Scotland's new unitary councils were due to meet to set their budgets and tax levels for the coming year. Authorities

had warned of massive council tax rises and spending cuts.

Mr Forsyth told MPs it would allow a Band D council tax cut of at least £84 in the planned level for Glasgow and a £35 reduction for Caithness.

But in the stormiest so far of the peripatetic Grand Committee sessions recently introduced by the Government, Andrew Welsh, SNP MP for East Angus, denounced Mr Forsyth as a "snake oil salesman telling his lies".

The outburst came after no nationalist MPs were called in the debate. When ordered to apologise by John Manton, the committee's Labour chairman, Mr Welsh declared: "You haven't seen fit to call me, so I can't express my opinion." Mr Manton suspended the session for five minutes when Mr Welsh refused to withdraw the remark or leave the meeting.

Under the Government's package, councils will be allowed to switch £58m from capital budgets to revenue spending for priority areas such as education. They will also get a £38m package specifically designed to lessen council tax increases after warnings of rises averaging 15 per cent.

Mr Forsyth said: "I am sympathetic to the argument which was put to us by many of the

councils concerned that they needed time to bring their spending levels into line with their grant-aided expenditure assessments." The effect would be that council tax payers in the areas concerned would be protected from the turbulence created by boundary changes, "but not from the spending decisions taken by the new councils themselves".

Scornful Labour MPs were quick to spotlight earlier government suggestions that no new money was to be made available. George Robertson, the shadow Scottish secretary, said: "This is not so much a U-turn as a somersault. This is a victory for the people of Scotland, but only a partial one."

In a counter-attack, Mr Forsyth mocked Labour's support of council pleas for an extra £395m without saying where the money would come from. Councils reacted coolly, with Rosemary McKenna, president of the Convention of Scottish Local Authorities, saying: "This is a panic measure."

She added: "We have been saying for six months that there is a serious problem. This will do nothing to protect services, and councils still have a serious problem about the level of services, and there will still be cuts."

Chancellor paints a rosy picture of the economy

- ☐ Clarke's lifeline for Middle England
- ☐ Brown reminds House of bleak times

Two rather different pictures of the British economy were painted in the Commons yesterday. An ebullient Kenneth Clarke predicted 1996 would be the year when Middle England at last felt the benefits of the recovery while his Labour shadow, Gordon Brown, dwelt on new evidence of widespread job insecurity.

Ministers increasingly see the economy as the Conservatives' best electoral asset. The debate was scheduled by the Government in order to highlight the improved prospects and to embarrass the Labour Party over its apparent lack of an alternative strategy.

But though the Chancellor said he was able to paint a "rosy picture" because that was what he expected, the exercise was blunted by Tory Euro-sceptics, abetted by the Opposition, who were miffed by Mr Clarke's latest expression of sympathy for a single currency.

Mr Brown also exposed a degree of amnesia in both the Chancellor and Ian Lang, President of the Board of Trade, over their own words and deeds. Mr Clarke could not name the "better programmes" he claimed would replace the Community Action Programme, set up to help 30,000 long-term jobless and to be axed at the end of this month.

And Mr Lang, seemingly could not remember what he had actually said about job insecurity being only in the mind. Challenged by Mr Brown to apologise for the remark, Mr Lang claimed he had not said it, but when asked for the correct quote he stayed mum.

Malcolm Bruce, for the Liberal Democrats, said he believed Mr Clarke was using the debate to trail an interest rate cut. But he warned: "If interest rates are cut later this week it will not be because of the strength of the economy but because of its weakness." Government borrowing was "out of control", he said. "The Chancellor's good intentions only go so far and when the chips are down he runs into the buffers of political opportunism."

Opening the debate, Mr Clarke maintained that the "clear red water" between Labour and modern enterprise economics was as wide as ever. "They would tax and they would spend and they would let inflation rise. In the 1990s there is still no alternative to the enterprise economy we are creating. We haven't created our present prospects in order to hand them over to yesterday's Wilsonian men."

The economy was facing the most favourable circumstances any MP could remember, Mr Clarke said. Conditions for firms to invest had "rarely been better" and because inflation was under control he had been

Inside Parliament
Stephen Goodwin

able to reduce interest rates to historically low levels.

He predicted that 1996 would be the year when the ordinary citizen would begin to feel the real benefit of economic recovery. "Now Middle England will begin to see in 1996 that our promise of greater prosperity and more jobs without a return to boom and bust is beginning to be delivered."

With mortgage rates at their lowest level for nearly 30 years and house prices, in relation to incomes, at their lowest level for over a decade, there would be "bargains for first time buyers".

Increased consumer spending would be the main source of growth in the economy. His only departures from what Labour's Denis MacShane called a "fantasy" were over the European single currency, unwillingly, and a passing nod to job insecurity.

Mr Brown said the best barometer of the feel-good factor was the decision of 52 Tory MPs to retire at the next election and the attempt by 13 others to quit their marginal seats for a "not yet" marginal seat.



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Israel bomb attacks: Twenty feared dead as Hamas claims responsibility for latest outrage to hit Middle East negotiations

Tel Aviv blast has peace on the ropes

RUPERT CORNWELL
Washington
and agencies

A suicide bomber killed up to 20 people and wounded 78, including children, outside a crowded Tel Aviv shopping mall yesterday, putting the continued existence of the Middle East peace process in question.

The bombings are designed to wreck Arab-Israeli peace-making and could rob Israeli Prime Minister Shimon Peres of victory in the early elections he has called for May 29.

The Islamic group Hamas claimed responsibility for the blast, the second in two days. Israeli television and radio quoted police as saying up to 20 people had died; on Sunday, a Hamas suicide bomber killed 18 people on a bus in Jerusalem.

"It is a suicide bomber who crossed the street on the corner of Dizengoff and King George (streets) in a crowd of people and cars and blew himself up," said Tel Aviv's police chief, Gabi Lash.

Ronnie Milo, mayor of Tel Aviv, said the bomber planned to enter the shopping mall which was full of children in costume for a Jewish holiday. The bomber apparently was on his way into the shopping centre where they were dozens of kids celebrating Purim, Mr Milo said. "He apparently saw the policeman at the entrance to the centre and decided to blow himself up on the street. We saw his head several metres away," he said. The bomber had explosives strapped to his body.

An unidentified caller to Israel Radio's Arabic service said Hamas was responsible. "An anonymous caller speaking in Arabic claimed he was talking in the name of the Hamas movement and said that Salah Abdel-Rahim Ishag, 24, from Ramallah, carried out the attack," the report said.

Palestinian President Yasser Arafat was quoted by his spokesman as calling the blast "a declaration of war." "The

peace process is in danger," Mr Arafat's spokesman Marwan Kanafani said.

Mr Arafat told reporters at his headquarters: "We will co-operate with the Israeli government to confront these dangerous criminal acts that target the Palestinian people and the Israeli people and the peace process."

Mr Peres's government has urged Mr Arafat repeatedly to get tough with Islamic militants of the Hamas group, who have claimed responsibility for the most of the attacks which have killed more than 200 Israelis since September 1993.

Mr Arafat, who later met with top security chiefs in emergency session, told reporters that "this is the time for action at all levels and not a time for words". He said his security forces had been in a "state of emergency" since Sunday.

But the immediate impact of the new bomb seemed to be to deal the fragile peace process another heavy blow.

Last night, Mr Peres's office said that Israel had ordered home its delegation to peace talks with Syria in the United States. "We are sending the delegation home following the latest attack," said an official.

The Israeli-Syrian talks had been suspended until Wednesday following Sunday's bombing. Syria, stopping short of outright condemnation of that attack, said yesterday that Israel could never achieve security or stability if it did not work to achieve what Damascus called real and just peace with the Arabs.

Warren Christopher, the US Secretary of State, yesterday cut short a visit to the Caribbean to chair an emergency session of President Bill Clinton's top national security advisers on the crisis in Israel, convened even before the new bombing in Tel Aviv.

The latest attack, condemned by President Clinton as "a senseless act of violence against innocent people", has stunned



Tears for peace: Friends mourn Gidway Taspane, an Ethiopian killed in Sunday's blast

Photograph: Jerome Delave

and dismayed the administration, leaving it few options to prevent the complete unravelling of a Middle East peace process in which Washington has invested considerable time, diplomatic energy and prestige.

Speaking during a campaign trip to Michigan, Mr Clinton urged Israelis to "fight for peace" and reject the "division

and conflict" which were the goals of extremists on all sides. Jewish and Arab alike. But those exhortations will be hard to translate into reality - as shown by the jeers that rained upon the head of Martin Indyk, the US Ambassador to Israel, as he visited the scene of the bombing yesterday.

In practice there seems little the US can do. According to a

White House spokesman, the meeting of Mr Christopher, the Defense Secretary William Perry, the CIA director John Deutch, and Anthony Lake, Mr Clinton's national security adviser, would examine "ways of assisting the Israelis". That, presumably, includes the use of US intelligence to help track down members of Hamas and other Palestinian terrorists.

Beyond that, Washington will do what it can to exert pressure on the Arab states in the region to give no succour or shelter to the terrorist groups, who some experts believe may be based not in the PLO-administered Gaza strip or West Bank, but outside Israel altogether, perhaps in Jordan or Lebanon - in the latter case with the tacit consent of Syria.

international

Exiles shed no tears over slaughter

ROBERT FISK
Beirut

Just over a week ago, in a Beirut hospital, a 74-year-old Palestinian woman, driven from her home in Acre in the 1948 Arab-Israeli war, lay dying. Her daughter came to see her.

"Have you heard the news?" she asked her mother who had only three days to live. "There have been two suicide bombings in Israel. There are more than 20 dead." The woman stared at her daughter. "Prop me up in bed," she said. "I want to hear more." Thus did a dying woman recover a spark of life from the news of savage death.

Among the Palestinian diaspora there was precious little sympathy for the passengers on the Jerusalem buses and the shoppers in Tel Aviv.

Every Middle East atrocity produces outrage and amnesia, and the ferocious suicide-bombings in Israel have produced the usual mixture of fury and loss of historical memory, both short and long-term, as the "peace process" crumbles away.

If Israelis have only just woken up to the probability of collapse, the same cannot be said of millions of Arabs who - despite the support for the Oslo accord of their pro-Western governments - long ago abandoned hope of a just peace. How could the dying woman demonstrate such satisfaction at the terrible news from Jerusalem?

For survivors of the 1948 exodus and their descendants, the suffering of the Palestinian diaspora at the hands of the Israelis long ago neutered compassion for Israel. On the walls of the Sabra and Chatila camps, at Mar Elias in Beirut and at Ein el-Helwe in Sidon, the most familiar face is that of Yahya Ayyash, the Hamas bomber, the "Engineer" assassinated by Israeli intelligence agents on 5 January. As usual, the Islamists have turned the Israeli policy of an eye for an eye on its head, claiming at least 60 lives for the life of a single man.

Hamas cuts little ice in Lebanon. Its members here have nothing to offer the 400,000 Palestinian refugees who have been cut out of Yasser Arafat's deal. But in the camps yesterday there was no shortage of young men to give history lessons. "Hamas and the

Israelis had a ceasefire that lasted seven months and then Israel broke the ceasefire by murdering Ayyash," one said. "So Hamas takes its revenge and the Israelis expect us to burst into tears for them."

Less angry voices asked why the world had forgotten that Israel had helped to create Hamas as an Islamic "balance" to Mr Arafat's influence, when the PLO were supposed to be the arch-"terrorists" of the Middle East.

It is a fact that several Hamas men deported to southern Lebanon by Yitzhak Rabin in 1992 personally met Shimon Peres. And it is also true that Israel was last week threatening to repeat its old "balancing" act, as Ehud Barak, the Foreign Minister, announced that Israel might reopen talks with Hamas.

If Arafat did not "deal" with the group, "We told you the 'peace process' would not work from the day the PLO signed the accord with Israel," a Palestinian Marxist remarked. "But it needed the Israelis to start saying so before you believed it. Now, in the middle of this 'peace', Hamas have declared war and pushed the Israelis into declaring 'all-out war'. That's what Begin declared on Arafat in 1982. That's what Rabin declared on the Hizbollah in 1993. They both failed. And now Peres will fail."

The non-Islamic Palestinian militants here are drawing even grimmer conclusions. Hamas, they suspect, has reunited, following disputes between its politburo and its armed members, and has decided to discredit Mr Arafat and start a civil war in the West Bank between Palestinians and the Jewish settlers.

"It was not by chance that they bombed the bus route used by the settlers," a member of the Democratic Front said.

"They are going for the right-wing Israelis, the settlers, provoking an attack from them, maybe another Hebron [mosque massacre]."

Palestinian leaders in Beirut and Damascus realise Hamas is now going all-out to destroy the Oslo accord. Despite their contempt for the peace agreement, they do not like what they see. "We do not want an Islamic Palestine any more than Arafat," an angry veteran of the 1982 war said last night.

Chief heads for trouble over wrong royal skull

ROBERT BLOCK
Johannesburg

Chief Nicholas Tlana Galeka, perhaps the most publicised headhunter of all time, is in big headhunter trouble.

Less than one week after his triumphant return to South Africa from Scotland where he claimed was the 161-year-old skull of King Hintsa - the Xhosa ruler killed by British-led forces in 1835 - Chief Galeka has been accused of being a fake and liar by tribal elders.

The chief responded yesterday by calling on President Nelson Mandela and the Anglican Archbishop, Desmond Tutu, to come to his aid.

The controversy over Chief Galeka's find in Inverness last week reached fever pitch when the present Xhosa king, Xolilizwe Sigcau, and his court refused to sanction the planned burial of the skull because they said it was not the disembodied head of Hintsa. The king said

that Chief Galeka's skull displayed a bullet hole above the right ear and was intact, whereas the historical record indicated Hintsa was shot at point-blank range behind the left ear and his head was shattered.

The king called on South Africans not to be fooled by Chief Galeka. Adding insult to injury, the king then said that Chief Galeka had acted without proper authority and was not even a member of Hintsa's clan and therefore had no business getting involved. Chief Galeka says that he is the great-great nephew of Hintsa and was called on by the spirits of his ancestors to go to Scotland to find Hintsa's head.

There is no historical evidence that Hintsa was decapitated, although his body was mutilated; his ears were supposedly cut off and some teeth were pulled out by British soldiers in the Sixth Frontier war.

Until now the chief has refused to allow a forensic ex-

amination of the skull on the grounds that the ancestors "could be angry" at such undignified treatment of the king's remains. He said at the weekend he still planned to bury the skull on 12 May - the 161st anniversary of the king's murder - at a grave site beside the Ngabara river, where Hintsa died.

But Chief Galeka's call for help yesterday to President Mandela - who has lent his moral support to the chief's mission - and Archbishop Tutu was viewed by many Xhosa experts as an act of desperation.

Jimmy Matyu, a Xhosa journalist in the eastern Cape, said before the chief left that he was playing with a highly emotive issue which could backfire if he found anything but the legitimate head of Hintsa. "If he doesn't bring back the real thing or tries to fool people, they will be crying for Galeka's head instead," Mr Matyu said. The trial of the former defence minister General Magnus



Chief Galeka: Claims Scots' skull is king's lost remains

Malan and 19 co-defendants for 13 apartheid-era murders was postponed for a week yesterday in order to give the defence time to study amended charges.

The delay was welcomed by General Malan. "We've got a good case, we've got a good judge. That's why I'm smiling, my conscience is clear."

The indictment says General Malan and the other former senior officers accused were involved in a covert operation to turn the Inkatha Zulu movement against the African National Congress. The operation is alleged to have led to the massacre of 13 people in 1987.

Orthodox patriarchs pray for end to schism

PHIL REEVES
Moscow

After days of slugging it out beard-to-beard, the two heavyweight patriarchs of Eastern Orthodoxy appear to be simmering down after one of the church's most serious disputes since the Middle Ages. There is even talk of a reconciliation.

More than a week after news of the furor first began to reverberate around the onion domes of Europe and Russia, the Patriarch of Moscow, Alexy II, yesterday indicated that negotiations were under way to avert an irreversible schism.

At issue is a decision by his counterpart, Bartholomew I, Patriarch of Constantinople, to accept into the fold the Estonian church, which recently broke free from Moscow after a period of subordination which began when Stalin annexed the Baltic republic in 1940.

The Patriarchate of Moscow promptly suspended relations

with Constantinople - historically the mother church - and launched a distinctly unclerical verbal assault, accusing it of "shattering age-old Orthodox unity" by supporting Estonia's "nationalist dissenters". Constantinople replied that Moscow was "hurting threats".

Yesterday, Alexy II's spokesman (who glories in the title of Metropolitan Kirill of Smolensk and Kaliningrad) reiterated his complaints against the rival prelate. But the spokesman also said efforts were under way towards a reconciliation.

"We realise how dangerous this situation is. We do not want a schism in Orthodoxy," he said. "We can only work and pray for the situation to change radically for the better to prevent a final break in relations." This will not be easy, given the competing aspirations of the two patriarchs for leadership of the world's 250m-300m Eastern Orthodox Christians.

The squabble arose from a split within Estonia, which, in effect, now has two Orthodox Churches. One is Estonian, the legacy of a church-in-exile whose clerics fled to Sweden when the Soviets arrived. It wants to be in the jurisdiction of Istanbul. The other is Russian-dominated, and wants to shelter beneath the protective wing of Moscow.

This division has been deepened by a strong suspicion among Estonian believers that their Russian counterparts are more interested in retaining a political foothold in the country than in matters ecclesiastical. Rumours abound that the Russian wing of the church includes infiltrators from the security services - a claim that the Moscow-backed faction denies.

But Russians both in Estonia and in Moscow argue that it is yet another example of the anti-Russian discrimination that has taken root across much of the former Soviet Union.

Iraq set for oil deal with UN

Ankara (AP) - Iraq may reach a decision on a United Nations plan for it to sell oil in exchange for humanitarian aid during talks next week, the Iraqi oil minister said yesterday.

"We are thinking very positively this time. Negotiations are seriously under way. We hope to come to a final decision in the next talks with the UN on 11 March," Amir Mohammed Rasheed said. In the southern Turkish town of Ceyhan.

Mr Rasheed visited the Turkish oil terminal at the Mediterranean town of Yumurtalik, near Ceyhan, after crossing the border at Habur yesterday.

The visit is in connection with the possible reopening of an oil pipeline that has been closed under UN sanctions since the invasion of Kuwait in 1990. Iraq has rejected previous UN attempts to allow Iraq to make limited oil sales.

"We are here for the reopening of the pipeline," Mr Rasheed said. It was apparently the first time that an Iraqi official had travelled across northern Iraq since the end of the Gulf war.

Iraqi Kurds have established a *de facto* state in the northern part of the country under the protection of a US-led allied air force, based in Turkey. Under UN sanctions, air travel between Baghdad and Ankara is banned.

The state-run pipeline company, Botas, said the Turkish part of the pipeline could be operational in a month, once the UN and Iraq came to an agreement. It was not clear how much work is needed on the Iraqi half of the pipeline. Mr Botas said the oil flushing could be completed in 80-90 days.

Under the UN plan, the oil would be used in Turkey's domestic refining network. In exchange for oil, Turkey would send humanitarian goods to Iraq. A portion of the funds generated through the plan would go to a UN fund, to pay for war reparations.

Peking panics as Chinese workers get the union habit

TERESA POOLE
Peking

For three days last summer, private stallholders in the Hongqiao consumer-goods market in central Peking behaved quite out of character for Chinese entrepreneurs: they refused to sell customers any goods. It was their way of protesting about high local-government taxes and the fees charged by the owner of the building.

The next month, outside the five-star Palace Hotel, 40 drivers staged a sit-in after blocking the hotel entrance with a coach decorated with a large banner. "We protest against the Palace Hotel's unjustifiable sacking of employees," it read. In December, 1,000 elderly workers in the central city of Wuhan

staged a sit-in during the morning rush hour, sparked by a sudden rise in the entrance price at their favourite Zhongshan Park. Inflation was eroding their pensions, they complained.

Such are the varied ways in which China's increasingly emboldened workers and pensioners are airing their grievances. The complaints are well-worn: unfair taxes, overdue wages, bad working conditions, sackings. But what has changed is a new assertiveness that is being seen across the board.

Jean-Victor Guat, former director of the International Labour Organisation office in Peking, said: "The Chinese situation in industrial relations is becoming closer to normal. So what some could see as a degradation, others may see as the

road towards normality." But this terrifies the government. According to an internal circular, there were more than 12,000 protests and petitions by labourers, farmers and miners in the first 10 months of 1995. When the Chinese "parliament", the National People's Congress (NPC), opens today, social stability will again be a national priority. The Prime Minister, Li Peng, will stress the government's commitment to improve conditions and welfare for those who feel they are falling behind in China's economic transformation. But there remains no flexibility for those who want to take their grievances into their own hands.

In January, eight taxi drivers in the southern boom city of Zhuhai were sentenced

to up to two years of "re-education through labour" for instigating a strike by 300 drivers protesting against unfair treatment by the traffic police. The strike was judged to have "seriously disturbed social security and road-traffic management order".

The only acceptable mouthpiece is the closely controlled All China Federation of Trade Unions (ACFTU). Independent labour organisations remain illegal. When the NPC met two years ago, the newly formed League for the Protection of the Rights of Working People petitioned for an improvement in labour rights, including the right to strike and to set up independent unions. All its main protagonists were detained.

But this intolerance has

failed to stifle the growing willingness of people to make a stand. Nor can the authorities always employ a heavy-fisted approach, particularly when old people are involved. Three months ago, 40 elderly petitioners gathered outside the Zhongnanhai leadership compound in Peking, protesting about their homes being cleared for redevelopment. There were no reported arrests.

Unrest in loss-making state enterprises is the most alarming prospect for Peking. Last month, Mr Li explained why large-scale bankruptcies and lay-offs were unsuitable. "If China were to use such capitalist methods, it would shrink its responsibility to the people, and it would trigger social unrest."

North-east China has seen

some of the biggest strikes because of the many big, loss-making heavy industries. Reliable statistics are hard to come by, but even a survey by ACFU found a one-third increase in stoppages, petitions, sit-ins and other protests in state-owned enterprises in 1994.

At the beginning of last year, the government launched a wide-ranging new labour law but so far almost all the successful disputes highlighted in the Chinese media have been those involving foreign firms. In a now-infamous case at the Zhuhai Ruijin Electronics Company in Guangdong, 120 employees complained when the South Korean manager told them to kneel because they had not filed out for their rest-break in an orderly way. Twelve

refused and were dismissed. Last year the Zhuhai Labour Supervisory Committee ordered the manager to apologise.

Success is not so easy if one is taking on government officials. At Hongqiao, a stallholder selling stationery said: "I can hardly make any profit with these high taxes and fees." He recalled the strike. "All the business people here came to their places, sat and refused to sell goods. Some tried to get back their deposits and leave here, but the officials from the Tax Bureau refused and threatened to confiscate our goods. In the end, the government succeeded in persuading some businessmen who own larger places to go on trading. So the strike collapsed and we have to remain here to survive."

international

Italy's UN proposals upset Britain

DAVID USBORNE
New York

Italy has enraged Britain and France by suggesting that they should envisage surrendering their permanent seats in the United Nations Security Council in favour of a single seat for the European Union.

The proposal for the eventual elimination of the British and French seats was floated last week by the Italian ambassador to the UN, Francesco Fulci, as part of a continuing debate within the organisation about the expansion of the Council to include new members.

Italy has for months been attempting to block a widely backed plan to grant two new permanent seats, in addition to the five already existing, to Germany and Japan. Among supporters of that option are the United States, France and Britain.

The manoeuvring by Italy threatens to trigger a diplomatic fracas within the EU, which would be made all the more embarrassing by virtue of Italy's current occupancy of the EU's rotating six-month presidency.

"Everyone is within their rights to express their own views but Italy must recognise

the fact that it is treading on very sensitive ground where at least three of its European partners are concerned," one British source noted. "They must know that this is a very unfriendly act indeed."

The suspicion of other EU diplomats is that Italy's prime concern is to prevent Germany from gaining a permanent seat. "What they are saying about a single European seat is motivated primarily by an anti-German move. They want to prevent German membership," one remarked.

Mr Fulci made plain his views during a lunch with journalists

last week. "My target is only one seat inside the [Security] Council with the whole EU talking through it," he said. "If we are going to be serious about creating a federal state we should speak with one voice in the Council."

Last Friday the ambassador repeated his position at a closed meeting of the UN committee that is studying reform of the Council. "Italy hopes that both at the UN and in other contexts, the European Union can sooner or later speak with a single voice, including that of the current permanent members," he said. He went on: "Granting

permanent seats only to Germany and Japan, 'the quick fix' as some suggest - is unacceptable since it would further increase the already preponderant weight of rich and industrialised countries in the Council, and thus in the whole United Nations system."

The issue of a single European seat in New York first surfaced several years ago, but Britain and France had thought it buried by the 1992 Maastricht treaty which says only that the existing permanent members of the Council should "ensure the defence of the positions and the interest of the Union, without

prejudice to their responsibilities". It makes no mention of a unified Council seat, even over the long term.

Stephen Gomersall, Britain's deputy ambassador in New York, insisted: "We do not envisage any change in the status of the existing members of the Security Council." He said that those members were committed to finding a "common European view where possible, but not at the expense of essential national interests."

A spokesman for France also referred to the Maastricht treaty. "He [Ambassador Fulci] can express a personal view,

but at this time we would regard it as wishful thinking," he said.

Proposals for the inclusion of Germany and Japan as permanent members also envisage three more non-permanent seats to be filled by rotation, bringing the total membership of the Council to 20, compared with 15 today. Italy wants: no new permanent members but propose retaining the existing 10 non-permanent slots and adding an additional tier of 10 new non-permanent seats to be filled also by rotation from a list of prominent regional powers. That would create a Council of 25 members.

IN BRIEF

Britain 'surprised' at Falklands row

London — The Foreign Office played down reports of increased tension with Argentina over fishing rights around the Falklands after a Royal Navy warship was sent to patrol the area for unlicensed trawlers. "We're rather surprised about the way it's being built up into a big confrontation," a spokesman said.

Argentina's foreign minister, Guido Di Tella, said on Sunday it would be inappropriate for President Carlos Menem to go ahead with a proposed visit to Britain this year unless the fishing dispute was resolved. Argentine reports said British ships patrolling off South Georgia had forced an Argentine fishing boat to pay \$110,000 for a fishing licence. *Reuters*

Hepburn scare

New York — Katherine Hepburn has been seriously ill with pneumonia and at one point had not been expected to live. The *New York Daily News* reported the 88-year-old actress had now been discharged from hospital and was resting comfortably at her Connecticut home. *Reuters*

School siege arrest

Marseille — Police said they overpowered a drug addict armed with a shotgun who took children hostage at a nursery school. The man, 29, said to be an AIDS patient, was detained after holding the children and four adults including a teacher and a caretaker. *Reuters*

Howard's way

Sydney — Australia's conservative prime minister-elect, John Howard, promised sweeping economic and labour reforms, humble government and a continued push into Asia at his first news conference since his landslide election win on Saturday. Financial markets surged as investors wagered on tighter fiscal policy and aggressive market reforms. *Reuters*

Benin poll battle

Cotonou — The former Marxist military leader Mathieu Kerekou took an early lead in Benin's second multi-party presidential poll, comfortably ahead of President Nicéphore Soglo, bidding for a second five-year term. *Reuters*

Denktash 'stable'

Ankara — The Turkish Cypriot leader Raif Denktash arrived on a flight for medical tests after suffering a heart attack on Sunday night. He was reported to be in stable condition at the Ihsan Sina hospital. *AP*

Pensioner power

Brussels — The number of Europeans over 60 will jump by almost half by 2025, the European Commission reported. Overall population figures are expected to stay stable and could fall slightly if the number of migrant workers is "moderated" and recent fertility rates continue. *Reuters*

Communist to stand

Moscow — The Russian Communist Party leader, Gennady Zyuganov, was officially registered for the 16 June election battle against President Boris Yeltsin. Mr Zyuganov, who leads in opinion polls, presented a petition of 1.7 million signatures supporting his candidacy — 700,000 more than required by law. *Reuters*

Uganda clashes

Kampala — The Ugandan army said that 88 people were killed in a battle with rebels last week and a new military offensive was under way in the north of the country. *Reuters*

Car seizure legal

Washington — The Supreme Court ruled against a woman who protested when authorities seized a car owned by her and her husband after he had sex in it with a prostitute. She argued that the confiscation under a Michigan nuisance law was an unconstitutional taking of her property. *Reuters*

Shear joy for Scots

Wellington — New Zealand's top sheep shearers were defeated by two Scotsmen who stole the world team title for the first time. Sheep outnumber humans by about 15 to one in New Zealand, host nation to the Golden Shears championships. Tom Wilson and George Bayne won the crown when the New Zealander team was disqualified for accidentally cutting their sheep. *Reuters*

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Rifkind will push for EU veto to stay

ANDREW MARSHALL

Malcolm Rifkind, Secretary of State for Foreign Affairs, will today unveil details of how Britain wants Europe to deal with the rest of the world, giving the first indications of the stance that Britain will take when the EU rewrites the Maastricht treaty.

Speaking to the French International Relations Institute, IRI, in Paris, Mr Rifkind will make what the Foreign Office is billing as a major foreign-policy speech. He will lay out Britain's approach to the Common Foreign and Security Policy, an initiative introduced in the Maastricht treaty whereby the EU tries to co-ordinate and combine the foreign policies of member states.

The 15 EU states will meet in Turin later this month to begin the Inter-Governmental Conference, a series of meetings that will rewrite the Maastricht treaty. The Government is preparing a White Paper on its own approach, to be published next week. Mr Rifkind's speech will spell out some of its contents, and underline Britain's general approach that foreign policy should remain a matter for individual sovereign states, and that states should retain their veto. As so often with European

policy matters, rhetoric is likely to be directed at efforts by federalist EU nations and the European Commission to force the pace towards a European government. Mr Rifkind will stress that there is no case for shifting power to Brussels from foreign ministries in national capitals. But he is likely to concede that there will be moves towards a European foreign policy.

The Foreign Secretary is making the speech in Paris partly because France shares some of Britain's reservations over the federalist impulses of its European partners. While in Paris, Mr Rifkind will see — as well as the Prime Minister, Alain Juppé — Philippe Séguin, the Speaker of the French National Assembly. Mr Séguin, who led France's anti-Maastricht campaign during the 1992 referendum, will doubtless lend support to Britain's scepticism.

The central issue that Mr Rifkind will have to deal with is what the French and Germans call "constructive abstention" — giving individual states the right to object to a policy move, but not the ability to block it. France and Germany believe that it is essential to have a mechanism of this type so that the EU can forge ahead even if Britain or other states want to stand aside.



Pilgrims' progress: A train all but disappears under its passengers as Bangladeshi Muslims travel to Tongi, north of Dhaka, to attend the final prayers of Biswa Ijtema, an annual three-day Islamic congregation which draws some 700,000 devotees from 80 countries. Photograph: Reuters

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Spanish right falls short of majority in poll

ELIZABETH NASH
Madrid

Spain's conservative Popular Party, the victor in Sunday's general elections, admitted yesterday that it would be unable to govern alone, and started to discuss prospects for co-operation with other political forces.

The PP leader, Jose Maria Aznar, said he would have liked more than the 156 seats his party won, 20 short of an absolute majority and only 15 more than the vanquished Socialists. He added that he had opened a dialogue with other parties with a view to making pacts.

As politicians adjusted to the new and inconclusive balance of forces, Etsa Basque separatists struck again. A car bomb in the northern city of Irun killed a Basque policeman yesterday morning. The victim, Ramon Doral, was described in Etsa's newspaper *Egin* as an organiser of anti-Etsa operations.

A resurgence of Etsa terror had been feared in the wake of a PP victory, as the party had promised a hard line against Basque separatism.

Mr Aznar, already beginning to look statesmanlike, said he was proud of the PP's achievement: "We have succeeded in converting the PP into the leading party of Spain and a great party of the centre." But he added: "I know that the situation is very difficult, following the decision of Spaniards that we respect, and the problems are difficult to resolve."

He pledged to form a stable government for the next four years and promised: "We will talk to everyone without exception." He did not specify what kind of co-operation he had in mind, and did not rule out either a formal coalition or temporary *ad hoc* deals.

Mr Aznar is under pressure to act swiftly to steady the nerves of the business community, which was disappointed that the party in which it had invested great hopes would not be able to govern without support. Spain's stock exchange suffered the second largest fall in history yesterday. The peseta also fell. Mr Aznar recognised the potentially disastrous economic consequences of a hung parliament.

Obvious candidates for a partnership with Mr Aznar are the nationalist Catalan Convergence and Union party, led by Jordi Pujol, and the conservative Basque Nationalist Party, led by Xabier Arzalluz. These two seasoned old warhorses, veterans of Franco's jails and schooled in the art of screwing benefits from Madrid, are rearing and plunging as they wait for Mr Aznar's outstretched hand.

Neither is making the first move. Mr Pujol's party won 16 seats, one fewer than in the last parliament when he supported Mr Gonzalez for more than two years, but a good showing against a PP offensive in Catalonia. Mr Pujol observed yesterday that the PP, with its

centralist *españolista* convictions, struck fear into the hearts of many Catalans. His party said that it was not disposed to support Mr Aznar as the Prime Minister.

The CIU's coolness towards the PP is reciprocated. But Mr Aznar may have to eat his pre-election remarks that Catalans were only interested in what they could grasp from Madrid. It was a sign of the times that the habitual victory chorus among PP supporters, of "Pujol, dwarf, learn to speak Spanish", was hushed up by party officials on Sunday night. Without Mr Pujol, Mr Aznar's government is doomed.

The party of Mr Arzalluz, an austere former Jesuit priest, held its five MPs against a PP upsurge in the Basque Country. He has also been riled by Mr Aznar's campaign comment that his 100-year-old party should learn to be democratic before being nationalist.

"We are ready to share in the tasks of government," Mr Arzalluz said, "but it is up to Mr Aznar to offer conditions for coalition or co-operation."

The outgoing Prime Minister, Felipe Gonzalez, 54 today, has shed 10 years in 24 hours and was smiling as he conceded defeat. Freed from the burden of a government dying on its feet and with his party intact, he seems to relish the prospect of moving into his own home for the first time in 13 years and laying into the new government as leader of a strong opposition.



On a roll: Bob Dole with his wife, Elizabeth, and Governor David Beasley (left) after winning the South Carolina primary

Photograph: AP

Dole shapes up for knock-out blow

RUPERT CORNWELL
Washington

Bob Dole, the Republicans' rediscovered front-runner, has a chance today of clinching, in practice if not in statistical certainty, the party's 1996 presidential nomination with a crushing show of strength in eight primaries scattered across New England, the South and the Rocky Mountain state of Colorado.

In all, 226 delegates are at stake, including 42 in Georgia, 37 in Massachusetts and 27 in Colorado - only a modest fraction of the 996 needed for outright victory at the San Diego convention. But a sweep or near-sweep by Mr Dole, immediately after his surprising clear-cut triumph in South Carolina at the weekend, would create a mood of "bandwagon" inevitability around his candi-

dacy that would surely sweep him to final victory.

In all eight states (and in New York, which votes on Thursday) polls put the Senate majority leader ahead, albeit by varying margins. The closest battles could come in Georgia, where the conservative populist Pat Buchanan is making a sustained effort, and in Colorado and Maine, traditionally quirky states where Steve Forbes, the multi-millionaire publisher, could do well.

The wind, though, is unarguably in Mr Dole's sails, speeded by an endorsement yesterday from Newt Gingrich, the House Speaker, as he cast an early absentee ballot in his home state of Georgia, and by predictions from a host of party notables, including Mr Dole's former rival for the nomination, the Texas Senator Phil Gramm, that the race was all but over.

THE US PRESIDENTIAL ELECTIONS '96

In this particular political year of course, bold words have had a habit of being instantly eaten, but the entire Dole campaign seems suddenly to have acquired a surer touch. His opponents meanwhile make scant headway. An increasingly strident Mr Buchanan seems to have hit a ceiling of support between 25 to 30 per cent while - barring a Georgia miracle - the campaign of the former Tennessee governor Lamar Alexander looks to be on its last legs.

Perhaps wisely, too, Mr Dole avoided a candidates' television debate in Atlanta on Sunday evening. When he did the same thing in Arizona a week ago, the

tactic backfired, but this time Messrs Buchanan, Alexander and Forbes mostly squabbled among themselves, leaving the biggest headlines to be captured by the uninvited fringe candidate Alan Keves, arrested and handcuffed by police as he attempted to force his way into the room where the debate was being held.

For Mr Dole, the gathering sense of inevitability has not come a moment too soon. Front-runner he may be, but within a week or so he will hit the \$37m (£24.6m) primary spending ceiling for candidates like him who accept federal matching funds. Not that donations are not rolling in - simply that they cannot be spent on the advertising blitzes essential in these multi-primary weeks where it is physically impossible to campaign seriously in person in each state.

Whatever it leaves in terms of quality, 1996 has already smashed all financial records. The Republican candidates have spent \$140m, led by Mr Dole and Mr Forbes with \$30m or more apiece, and \$20m by Mr Gramm, who withdrew after the Iowa caucuses three weeks ago. At the same stage in 1992, Mr Buchanan and the then president, George Bush, had spent a combined \$23m.

Yesterday, meanwhile, Mr Dole got a 14-delegate boost from Puerto Rico, where he won a landslide victory over Mr Buchanan. Although it is not formally part of the US and does not vote in presidential elections, it does send delegates to the conventions. Its government had urged inhabitants to reject Mr Buchanan, celebrating for referring to Hispanic immigrants to the US as "truckloads of Joses".

President's daughter in running

Tehran (Reuters) - The daughter of President Ali Akbar Hashemi Rafsanjani of Iran is running for parliament in Friday's election with a campaign backing a bigger role for women in politics, society and sport. Only nine of the 270 deputies elected to the Majlis in 1992 are women.

Faezeh Hashemi, a political scientist, said yesterday: "Be-

cause of the domination of male chauvinist culture on the one hand and on the other the fact that Islamic rules were not applied before the revolution, few women were attracted to social and political activity."

She is one of 187 women among 3,232 candidates approved by a Guardian Council which has checked them all for their Islamic faith and belief in

Iran's Islamic state system.

Before the 1979 revolution, men and women mixed in social and sports activities. "That was incompatible with Islam and considered improper," said Ms Hashemi, a sportswoman and founder and head of the Islamic Countries' Women's Sports Solidarity Council, who organised the first games for Muslim women in Tehran in 1993.

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news analysis



Watch out, the Roundheads are back

Republicanism is again fashionable among the chattering classes but could it threaten the monarchy? Jack O'Sullivan reports

British politicians – at least those who are serious about winning power – are terrified of republicanism. They stoutly support democracy and defend their rights against the predations of Brussels. Even the Labour Party, which has carried the standard of parliamentary supremacy against all comers over the Scott report, are like lambs when it comes to abolishing the monarchy. The issue is still off the agenda, not even open to debate.

So Tony Blair, the Labour leader, has silenced Ron Davies, Labour's spokesman on Wales, for making known his republicanism in general and his distaste for the Prince of Wales in particular. Even though much of the country is obsessed with the inadequacies of the Royal Family, Mr Blair has stifled public discussion of the issue by Labour top brass.

Republican sympathies were not always so suppressed by our leaders. After all, Oliver Cromwell, born nearly four centuries ago, gave Western Europe one of its first republics in 11 years. By the end of the 18th century, Thomas Paine, the radical philosopher, was convinced a new republic was around the corner, arguing that monarchy "may last a few years more, but cannot long resist the awakened reason and interest of man". How wrong he was.

The royals are still in their palaces and castles (five of each). And it

remains barely conceivable that top politicians would echo Paine's sentiments. Why do we find it so difficult to allow republicanism a serious place in contemporary debate?

The dangers are several. Anyone who attacks the institution of the monarchy risks being seen as cutting out the very heart of Britishness. The Queen's head is on the currency and Her Majesty's Government rules the country. The country's soldiers pledge to die for her. Large sections of the population apparently work for her, from delivering the post to enforcing her justice, to running her prisons.

Think of the calendar. There is no Union day, to celebrate the forging of the British nation by the Act of Union in 1707, which joined Scotland and England. The United States has the Fourth of July, Thanksgiving and Columbus Day. France has Bastille Day. Instead, the national anthem interrupts Radio 4's *Today* programme when the Queen, her mother, the Duke of Edinburgh and Prince Charles have their birthdays. We are meant to feel, in their birthday celebrations, a sense of nationhood.

Monarchy is intimately tied up with British history, in particular its triumphs and its empire. A history that is generally defined in episodes named after the reigning monarch might seem ruptured if the throne was no more. Britain has a further psychological problem with republicanism. It is the creed of nations that have fought Britain – of the French revolutionaries that wrought havoc in Europe, of the American Revolution that led to the breakaway of Britain's greatest colony, of a form of Irish nationalism that has proved so much agitating over nearly two centuries.

Republicanism has other very bad connotations. We suspect republicans do not know how to have fun, for it is a creed associated with Puritanism. Ask any child whom they prefer: the politically correct but uninspiring Roundheads or the dashing frills of the Royal Cavaliers.

Monarchy may seem utterly anachronistic, but still seems extraordinarily natural to most British citizens. To destroy it or attack it, without identifying new compensating ways for the British to express and celebrate their identity would leave a huge gap in society. We may have come to feel ambivalent about the monarchy, but how could we possibly muster any enthusiasm for a party political president or even a celebrity figure such as Richard Branson?

All of these factors help to explain why mainstream politicians largely stay clear of republicanism. They do not have a scheme to fill the huge emptiness in national self-confidence that would accompany the demise of the monarchy. So they judge that it would be better to leave the matter well alone.

Government politicians also have an investment in preserving moribund parts of the British constitution. To attempt to abolish the monarchy would mean unpicking much of the rest of the old fabric of the constitution. The House of Lords has been left unreformed for so long partly because, with so little legitimacy, it rarely challenges the House of Commons. That means the majority party can get on with governing. Likewise, the powerlessness of the Queen allows the Government to call on the Crown's wide-ranging executive powers, largely unfettered by an interfering head of state.

However, the status quo which the political classes have accepted largely unchanged for more than a century is beginning to be questioned. Nearly 17 years of one-party rule has left part of the political establishment – notably sections of the Labour Party – feeling dispossessed and hostile to the establishment. Blair may have stepped down Mr Davies, but it appears he spoke for more of his party than the Labour leader may have first appreciated.

Meanwhile, at a popular level, criticism of the monarchy is growing. Over the past 15 years, opinion

polls have recorded a steady decline in royal ratings. Only one in three people now think that Britain would be worse off without a monarchy, a level of dissatisfaction which few would have forecast in the early Eighties when Royal weddings seemed to have cemented public affection for the institution.

This disillusionment must partly be due to royal scandals. But it is probably also linked to a deeper issue – the inevitable collision of the democratic impulse with authority and aristocracy. The ascendancy of democracy in Britain – best expressed in the Eighties and Nineties by consumerism – is measuring all institutions against rising expectations of performance.

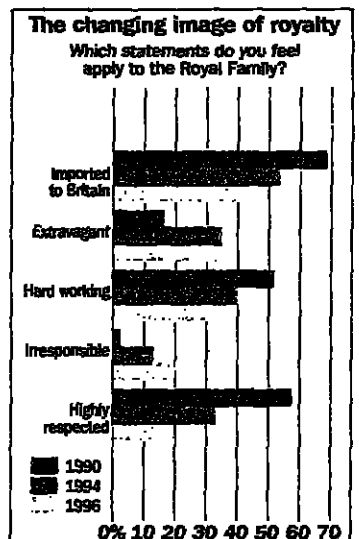
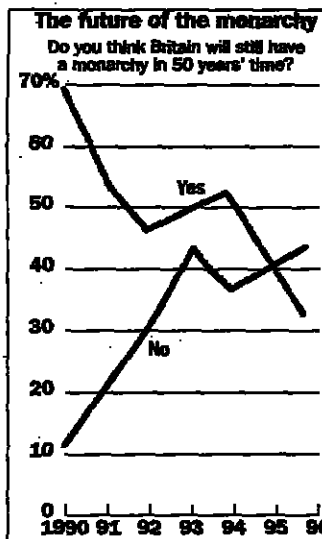
The monarchy is failing these tests. The expensive lifestyle of the Royal Family fascinates, but also appals. Birth might be allowed to confer special privileges if the Royals live up to their role, but when they behave like the Duchess of York, the idea of a birthright to rule is turned into a laughing stock.

It would be easy to exaggerate the depth of the crisis. According to an poll conducted by Mori for the Independent on Sunday, only 17 per cent of people think that Britain would be better off if the monarchy was abolished. And, despite all the recent bad publicity, 41 per cent still think that Prince Charles would make a good king (against 40 per cent who think he would be a bad

choice.) This is a large drop from the 82 per cent who thought in 1991 that he would make a good king, but it is not a disaster by the standards of political polling. Many presidents would be delighted to enjoy an approval rating at half the 73 per cent level that the Queen scores.

Unless popular opinion shifts a great deal more against the monarchy, the House of Windsor should survive, albeit in more cramped financial conditions and with the fracture of Charles and Diana's divorce running through it for at least another generation.

So we are trapped. A common catchphrase of politics is: if it isn't broken, don't fix it. But that does not mean that if something is broken, it should be repaired. The monarchy clearly falls into that category: it is broken but no one has any idea how to fix it, so it's best left alone in the hope it will sort itself out. The nation is left in limbo, still deeply attached to a symbol that it knows is tarnished. The most likely effect of the resurgence of republicanism would be to force modernising monarchists to come up with a more appealing definition of the role of a family of hereditary rulers in the 21st century. Twenty years ago, Willie Hamilton, the late Labour MP, carved out a career as the sole voice of republicanism in the Commons. It is a measure of the Royal family's failure that what was once eccentric has now become respectable.



DIARY

Two wars, one cup, one clanger

Hopes that this summer's Euro 96 soccer championships will encourage better relations between England and her continental cousins are likely to receive a nasty setback in Manchester. The city is to play host to the German national team, and is honouring their visit with an exhibition at the City Art Gallery.

Nothing wrong with that, of course. But sensitive souls among you will shudder when I tell you that the work of one of the 12 commissioned artists is inspired by the football terrace chant: "One World Cup and two World Wars".

Martin Vincent is offering a "photo-work" depicting the football immortalised by the English captain W.P. Nevill at the Somme, who famously offered a prize to the first of his platoons to kick it into the enemy trenches, before being killed.

How does Mr Vincent account for such provocative work?

"Football is the main site of cultural exchange," he says blithely, seeming to

forget that it is also the main site for nationalistic exchange of the ugliest variety (with England boasting probably the worst reputation in the world for such excess into the bargain).

"If you ask most people what they know about Germany, they'll tell you we had two wars with them, and beat them in the World Cup final," continues Vincent, who for obvious reasons does not involve himself in European politics.

The exhibition is still awaiting official backing from Euro 96. Its bid may not receive much support from the local team. Manchester City Football Club fields no less than three German players.

Pregnant pause at Dartington Hall

It should be no surprise that Lord Young of Dartington is, once again, becoming a father at the age of 80. I have evidence to prove it.

A copy of Lord Young's schoolboy recollections, *Elmhurst of Dartington*, has landed on my desk. In one part,

Lord Young writes the following of Dartington Hall's first headmaster, Mr Curry: "Curry was proud of the fact that at Dartington there were hardly any pregnancies amongst Dartington girls and seldom any pornographic drawings or writings on the walls of lavatories or anywhere else."

So far, so good. But then Lord Young adds a further paragraph, into which you may read what you will: "He was fortunate in the paucity of pregnancies. It was not for want of trying..."

Shoppers shocked at the supermarket

The motto "Shop till you drop" has taken on a whole new meaning in the Lake District. Customers of Booths supermarket in Windermere have been blown back several paces after receiving electric shocks from their trolleys, which are unable to earth the static electricity in their wheels on account of a new rubber-backed floor being laid on the premises.

Unsurprisingly, the Preston-based

chain is having to call in the manufacturers and change the 1,000 wheels on its 250 trolleys pronto. The store manager, Eric McCabe, who was himself one of the trolley victims, said reassuringly yesterday: "No one is going to die... however, it is all very unsatisfactory. The only shocks our customers should receive are because of our very low prices."

He was not shocked sufficiently, it would appear, to lose his sense of humour.

Cows in, cans out, but look on the bright side

The music on telephone exchanges has become the Muzak of business life, but it usually hits a note far more incongruous than appropriate. Not so at Great Harwood Food Products, a meat processing company in Lancashire.

As one is put on hold, dreaming idly of poor cows going in one end, cans coming out the other, one is somewhat taken aback to hear "Always Look on the Bright Side of Life" from Monty Python's *Life of Brian*.

Those with good memories will recall that the song is sung by those waiting extinction at the end of the film. I can only presume that somebody at Great Harwood has a macabre sense of humour.

Who do you think you are, journalists?

John Major is obviously not prepared to live dangerously during his trip round Asia. Yesterday, journalists were told that today's press conference in Seoul would consist of two questions only: one from a Korean, and one from the BBC's Robin Oakley. Anybody else would have to stay stumm...

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The elusive feelgood factor

It should be a good week for Kenneth Clarke, the Chancellor. It began with him flexing his political muscles in the face of the Tory right by restating the case for a single European currency. He followed that with a robust performance in the House of Commons yesterday, selling his economic record like a horn-again estate agent. The week should end with him presiding over the third interest rate cut in four months, tangible evidence that the Bank of England's acceptance that the Government will meet its inflation targets.

The British economy, which is likely to grow by close to 3 per cent this year, is in better health than its French and German competitors. They are beset by downturns so serious that they may be unable to meet the Maastricht criteria for joining the European Monetary Union.

That is not all. The housing market is showing signs of life. Prices are rising again for the first time for a year. Intense competition among lenders has driven the cost of a home loan to its lowest level for 30 years. Later this year as several building societies become publicly quoted companies, millions of customers will get large cash windfalls. Many are already cashing in their Tescos. Let the good times roll.

The economy's strength will help to relieve the pressure on the Conservatives as John Major plays fingertip politics: that is, hanging on to power by his fingertips. Young voters, in full-time work and without large debts, will feel more comfortable. Yet most people will not feel secure enough to revise their expectations of the future. The rewards that a government can reap from an upturn have dwindled. The main reason is the spreading threat of job insecurity.

At first sight, this is difficult to believe. The number of redundancies has fallen from 391,000 in 1991 to 220,000 last year. But those overall figures do not tell the politically significant story: the middle classes are being hit increasingly hard. According to the Labour Force Survey,

redundancies in manufacturing have fallen sharply. For instance, redundancies among craftsmen halved to 35,000 between 1992 and last year. Yet among professionals, managers and administrators, the redundancy rate stayed almost constant at between 45,000 and 50,000 a year.

Job insecurity is becoming so widespread - 8.7 million people have had a spell of unemployment since 1992 - that middle-class professionals, once so cosy in their closed shops, are starting to articulate fears that used to be the preserve of manual workers. The political consequences of this are hard to predict. That there will be political consequences is inevitable.

The trade unions seem powerless, stuck in the past: they will not be the vehicle for new protest. Worthy suggestions that Britain should adopt a German-style training system are beside the point: the economy is moving too fast for that.

More potent could be the emergence in Britain of the kind of anti-downsizing, anti-shareholder, anti-big corporation populism championed in the US by the presidential hopeful Pat Buchanan. That there may be a constituency for this was shown yesterday by Dale Campbell-Savours, the Labour backbencher, with his motion opposing the closure of the Campbell Soup factory in his constituency. It has won more cross-party support than any previous motion. Yet ultimately, protectionist populism leads nowhere. People may feel angry, but they want answers. How will they learn new skills? How will they be helped to look for a job? What aid will they be given to cover their mortgage?

The Labour Party is attempting to address those questions in a new way through its idea of a stakeholder economy. The Conservatives, so used to addressing the consumer and the shareholder, have yet to begin to address the modern worker.

Portillo panders to forces' homophobia

Michael Portillo is pandering to the homophobia of the military establishment. Yesterday the Defence Secretary announced that the ban on gays and lesbians serving in the armed forces would remain - and all because a survey of servicemen found only 3 per cent of personnel would be "more comfortable" if homosexuals were accepted.

If 97 per cent of the armed forces said they would prefer to work alongside white colleagues, would he ban other ethnic groups? Of course not. Racism is unacceptable and so is the current ban on gays and lesbians. Homosexuals are dismissed from the armed forces not because of their behaviour, but because of the mere fact of their sexuality. It is unlikely to be long before the ban is overturned by the European Court of Human Rights.

The military establishment is still trying to claim that its objections are not homophobic. They argue instead that gays and lesbians undermine the effectiveness of the unit as a whole, even if as individuals they are perfectly capable of doing the job. Pointing to the close, cramped quarters that fighting personnel must often share, Mr Portillo said that lifting the ban "would create such a complication that the armed forces... believe that they could not then retain their fighting power, their trust, their morale."

These concerns are deeply misplaced. Intimate sexual and romantic liaisons between two members of a tight team can occasionally involve loyalties and jealousies which jeopardise the discipline and commitment of the whole group. But when this occurs in other work places, most people adopt a professional approach and find a way to handle the situation. If the armed forces are right that their personnel lack the maturity to cope, then they should adopt the Australian approach: outlaw sexual relationships on the job.

There is no reason why the mere presence of gays and lesbians in barracks should undermine operational effectiveness. Same-sex, same-sexuality bonding is not an essential precondition for "trust" between comrades in arms. But the guiding purpose of armies is to use discipline to harness force and control fear. Servicemen and women should learn to control the power of their own sexual attractions and revulsions in the same disciplined way.

The MoD should lift the ban on gays and lesbians. There will doubtless be short-term management problems as the forces cope with outbursts of harassment and homophobia. But no one ever promised that fighting prejudice would be easy.

Charles and Di's grim fairy-tale ending

The reason there has been so much delay in the royal divorce is that neither side could agree on what ceremony to use. Charles wanted a simple druid-driven divorce under green trees on a pesticide-free Welsh hillside, while Diana tended more towards a prime-time ritual on *Pinocchio*, but they have compromised on a brief ceremony in St Paul's cathedral officiated by the Archbishop of Canterbury, with exclusive rights shared between *Hell* magazine and *Resurgence*.

To give you some idea of how it will be, I have been privileged to see a leaked copy of the draft ceremony, and am pleased to be able to bring it to you today.

At the start of the fairytale royal divorce, the Prince and Princess shall approach the Archbishop, each accompanied by their advisers, solicitors, make-up artists, etc. and they shall stand reverently in front of him while he addresses them and the congregation.

Archbishop: Dearly beloved, without marriage it would be impossible to get divorced, therefore one leads to the other, and God does condone divorce after all. This is a very complicated matter and if you are still confused about it, send to



MILES KINGSTON

Canterbury Cathedral for our fact-sheet enclosing lots of money and a stamped addressed envelope marked "Divorce", but the gist is that the Church has decreed that divorce is OK in certain circumstances, as follows:

1. When one of the partners is a direct descendant of Henry VIII who thought of the idea in the first place and was divorced twice to show how it works in practice;
2. When the mother of one of the partners is the Queen of England and asks me as Archbishop to get on with a divorce and not to hang around;
3. When media pressure is so intense in favour of a divorce that it is impossible to resist.

At this point the Prince's mobile phone shall ring and the Prince shall answer it.
Prince: Hello? Hi, Camilla!

Love! But not a good time to talk. OK? No. It's not the phone playing up - there's an echo where I am. St Paul's. That's right. The cathedral. That's right - it's today - the Big D! Ring me later, Bunbunkins, when I'm a free man. Toot toot.

The Prince shall then ring off and tell the Archbishop that it was a wrong number, at which the Princess shall look daggers at the Prince and the service shall continue.

Archbishop: Charles and Diana, 15 years ago I married you in this place into holy matrimony in the ceremony known as the fairytale wedding - well, it was not I personally, it was my predecessor, but we all look and sound the same in this ridiculous get-up - and at the time we all said it was a fairytale wedding, but since then we have looked more fully into the good book, that is to say, *Grimm's Fairy Tales*, and we have discovered that a fairytale wedding is far more likely to end in tears than happiness ever after, therefore are you two prepared to end this marriage in a fairytale divorce?

The unhappy pair: We are.
Archbishop: Let us give thanks at this time that this marriage has not ended in any of the other ways in which a fairytale wedding can come

to grief, ie that there is no giant stalking the kingdom demanding tribute of seven maidens a year, plus all the corn he can get, and that the Prince's father, the Duke of Edinburgh, has not been remarried to a wicked stepmother, and that the Princess of Wales has not been turned by a magic spell into a little mouse, and that...

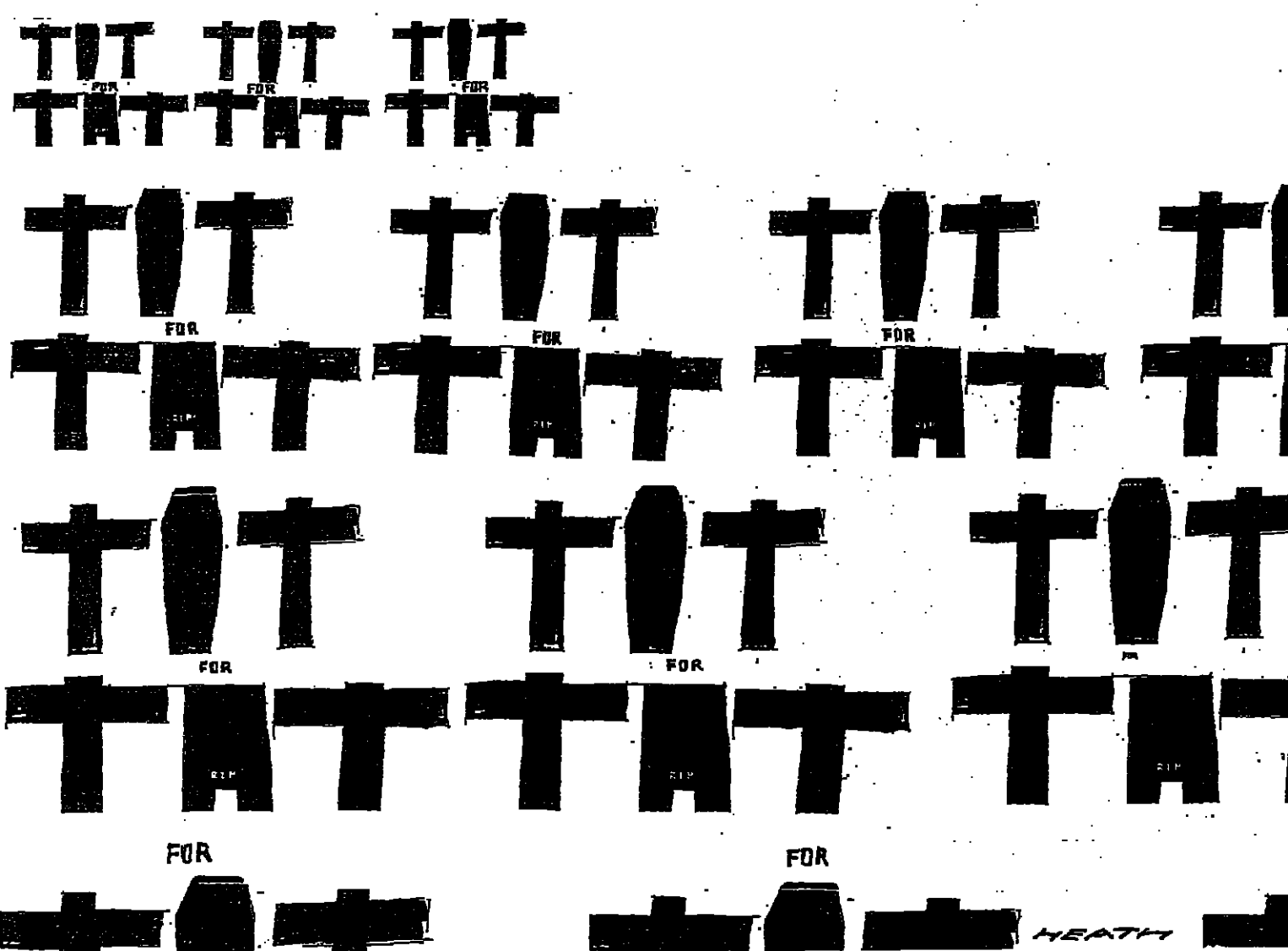
Princess: Oh, do get on with it! I am due at 3.30 to inspect deforestation problems in Somerset and it's a good couple of hours by helicopter! Princess: Honestly, that's the last straw! You ruined our marriage because you always look more interested in your pedigree goats and your fruit juices than your family, and now you're trying to ruin our divorce as well!

Prince: May I just point out that if you had ever taken a half-way intelligent interest in the problems of the world...

At this point Dame Cilla Black shall step forward and address the cameras.

Dame Cilla Black: Well, Chuck, it doesn't sound as if you two have had a great time since we last saw you - I can't wait to have more of the gory details after the break!

More tomorrow, if you can face it.



When will it ever end?

LETTERS TO THE EDITOR

Royal divorce: a monarchist's loyalty betrayed Big Bang without a creator

Sir: The man who is likely to be our next monarch spoke his marriage vows in front of millions of people and shortly afterwards committed adultery. He professes anxiety about what we are doing to the environment and yet is apparently happy to drive a large gas-guzzling motor car. He claims concern about wildlife while killing animals for sport. How can anyone reasonably be expected to have respect for him and the institution he represents? The Prince of Wales has badly let down those like myself who would, on balance, sooner have the monarchy than any of the alternatives likely to be on offer.

JOHN SMITHSON
Duns,
Berwickshire

Sir: Censorship takes many forms. The latest example can be seen in the case of Ron Davies MP, who seems to have been forced to retract the statement of an honest opinion on a topic of public interest by pressure as much from his own party as from their opponents ("Blair faces backlash over royal apology", 4 March).

De facto censorship is being deployed as part of an electioneering strategy.

Mr Davies, like every other citizen, has every right to voice his opinion and the rest of us the right to hear it.

This kind of attempted censorship depends upon our being persuaded that there are matters

we should not discuss and that to do so would be in poor taste, or destructive, or disloyal or, worst of all, harmful to the Party's prospects. The welcome attempt on your part to render to the environment and yet is apparently happy to drive a large gas-guzzling motor car. He claims concern about wildlife while killing animals for sport. How can anyone reasonably be expected to have respect for him and the institution he represents? The Prince of Wales has badly let down those like myself who would, on balance, sooner have the monarchy than any of the alternatives likely to be on offer.

DAVID BELL
Oxford

Sir: Den Perrin asks (letter, 4 March) why the Prince of Wales is still eligible to become Head of the Church when a *mère* priest is sacked for adultery.

His question is wrong in one respect. Christ is the Head of the Church. The Queen is, and the Prince will become, merely the Supreme Governor. However, the question still calls for an answer. The reason is that a priest is required by his office to "set the Good Shepherd before himself as the example of his calling" whereas the Supreme Governorship is not an office within the Church at all but merely a reminder to the faithful of the duty they owe to their secular rulers.

The Sovereign's sole function is to convene synods, just as it used to be the case that only the Emperor could call general councils. This has the salutary effect of reminding the bishops, the successors of the Apostles, that the ideas that they are servants, not masters, and that the People of God are more than mere pew

fodder, are more than pious rhetoric. This is what, it seems to me, they have become within the Vatican.

J A DAVIS
Bookham, Surrey

Sir: The *Independent* has been excellent in its reporting of the progress of the Family Law Reform Bill through Parliament and in its comments about the concept of mediation in divorce.

However, in the reporting on Diana's and Charles' divorce (29 February) the terms "custody" and "access", which were replaced in the 1989 Children's Act by "residence" and "contact", continue to be used.

Would it not be an example to us all if the young royals used mediation to resolve their difficulties amicably for the sake of the children?

RUTH BLACKLOCK
Salisbury & District Family
Mediation Service,
Salisbury, Wiltshire

Sir: What makes Di think that she can retain the title of Princess of Wales? Certainly not the wishes of the majority of Welsh women.

The Prince is a regular visitor to Wales. He is here again this week but the event will probably only merit a few seconds of television time. Not so the Princess. We have plenty of sick children to visit, but presumably our weather is too cold.

MAIR WILLIAMS
Holyhead, Anglesey

Preacher to the people at St James's

Sir: It is good news to know that a woman priest has been appointed as a chaplain to the Queen, but JoJo Moyes (2 March) is wrong in saying that the appointment involves taking private services for the Royal Family at St James's Palace. The services in the royal chapel are open to the public. All the royal chaplains do is

to preach there once a year, and the Queen's very seldom in London on a Sunday. In my ten years as a royal chaplain I never knew her Majesty to be present.

Canon JOHN GRIMWADE
Cirencester, Gloucestershire

The writer was Chaplain to the Queen, 1980-1990

What the police are there for

Sir: Professor Waddington's article "Finding a real job for Bobby" (1 March) asserts that the Audit Commission's report starts from the assumption that police patrol is intended to prevent and detect crime. It does not. The report recognises that patrol fulfils a number of key functions including responding to incidents and emergencies; reassuring the public; deterring street crime, nuisance and vandalism; forging links with local communities; and gathering intelligence about criminal activity.

Professor Waddington asserts that the Commission chastises the public for using the 999 system. It does not. It actually emphasises the importance of freeing the 999 system for emergency calls by suggesting the introduction of an information line, perhaps using 533. And he implies that the Commission undervalues the police as a symbol of authority. It does not. The report clearly recognises this important role, but then analyses how the police can fulfil it most effectively in the 1990s.

ANDREW FOSTER
Controller
The Audit Commission
London SW1

Save the world with low sperm counts

Sir: In the Sixties, the Club of Rome predicted that before the next century there would be a world food shortage. Thirty years later we have set-aside programs to reduce over-production.

In the Seventies, scientists discovered acid rain and predicted that within 10 years forests would die. Last summer, apart from the drought, our forests seemed greener than ever before.

In the Eighties, scientists discovered a hole in the ozone layer, thanks to combined efforts by deodorant and shaving foam

Sir: In discussing the theological ramifications of "The universal question" (Magazine, 2 March) Andrew Brown says "The Big Bang... implies that the universe had a moment of creation".

It actually implies (ie logically necessitates) nothing of the kind. The Big Bang suggests a beginning, which is at best compatible with the idea of a conscious beginner, ie, a creator. A beginning could have taken place as a natural event, as a result of a mindless cause without such a creator.

The observations leading to the theory of a Big Bang relate to the part of the universe accessible to human investigation - but no one can be sure that this is the whole universe. If it is not, there may be other parts which are not expanding, or which had their own Big Bang before or after ours.

Perhaps our Big Bang, in short, was no more than a local event, in relation to the whole no more significant than the formation of a new galaxy in relation to the

observable universe, or of a new star in relation to an existing galaxy.

The Big Bang theory, moreover, arises from extrapolation into the remote past of trends observable now, and they may not always have existed. Is it not possible that even what is accessible to us actually pulsates, alternately expanding and contracting, and that we are able to observe only one period of expansion in a possibly infinite series of cycles?

Of course, we can only speculate, and the suggestion of a creation, is one speculation - for some of us an implausible one - among others.

JOHN HYAMS
Reading, Berkshire

Sir: Forgive me for asking a dumb question, but which way was the Big Bang? Or was it all around us, in which case where is the middle, and how close are we to it?

Professor JOHN CARSWELL
London SW1

Leighton's wry look at a 'golden age'

Sir: Julian Treubert Keeper of the Walker Art Gallery (letter, 24 February), explains that Leighton's painting of the Cimabue Madonna procession depicted the Renaissance as a golden age in which society honoured art and artists.

When I first saw it, some years ago, my reaction to this painting was to laugh aloud right there in the National Gallery. The painting is a brilliant and cynical comment on the true place of the artist in all ages, because the fact

is that not one person among those depicted is actually looking at the Cimabue. They are each and all intent on their individual concerns - pomp, status, flirtation, childish games, absorbing conversations.

Florence, it is clear, values the Cimabue as a status symbol, but has no views, one way or the other, on its value as a work of art. Did Leighton sense a similar attitude in his own day?

MARGOT LAWRENCE
Edgware, Middlesex

Detector users to suffer with crooks

Sir: Your article "Law may soon be watching the detectorists" (1 March) appeared to be another example of the activities of criminals who employ retail detectors being published to promote legislation to impose still more controls on legitimate hobbyists.

Responsible detector users are on record as finding and honestly reporting 90 per cent of the treasures recovered over the last five years (Lord Inglewood - Treasury Review Committee Report, December 1995). It must also be appreciated that the controls will be extended to ordinary members of the public because the law will apply to all.

The proposals will vastly increase the number of items that will have to be formally reported, with the threat of criminal proceedings if anything is omitted. The definition of treasure is such that unwary members of the public could be unknowingly in breach of the law.

R WHALLEY
National Council for
Metal Detecting
Bristol

Christians did not invent morality

Sir: Why are we always being told ("How much intolerance can we tolerate?", 4 March) that our secular society lives on the capital of "Judeo-Christian moral values"?

Which are they? Get married? Tell the truth? Keep your promises? Don't steal? Don't murder? These are all taken for granted by Homer, and by ancient Greek writers in general, hundreds of years before Christianity. They also exist in societies outside the orbit of Christianity from China to Peru.

They are human values. Their existence does not depend on religious belief, and there is no proof that they are in any way strengthened by it.

Professor MAURICE POPE
Oxford

Genetic duck-pond

Sir: The explanation of the preponderance of Mallard males on the Barbican pond (Letters, 23 February) lies in the sex chromosome make-up of the ducks. Humans and other mammals have two X chromosomes in the female, one X and a Y in the male. A deleterious gene on one X is commonly countered by a normal one on the other, so that the females have a better survival rate than the males.

In mallards and other birds, however, there is a converse arrangement: here it is the males that have the identical pair of sex chromosomes. WW, while the females have a differing pair WZ. This results in a better survival-rate for, and a substantial predominance of, males.

DENYS W TUCKER
London, SW19

مكتبة الامم المتحدة

A Tory leader made in Hong Kong

Chris Patten is a contender. After all, he's the nearest thing the Conservative party has to a man with clean hands

So the Tories' lost leader is restless. The ideal won by Chris Patten on behalf of Hong Kong citizens, and the 7,000 Indians there in particular, is an awesome indicator of his influence over John Major. Headlines such as "Open invite to 2 million" are the last thing government business managers wanted just now.

The ministerial line is that this loosening of visa policy had been going to happen all along. That wasn't my impression; I don't think it was Governor Patten's impression that Michael Howard had closed his mind to such a change of policy, in the Commons lobby yesterday there were plenty of Tory MPs utterly grudge-less about it.

Patten may not be a power in Hong Kong for much longer, but he is a power in the land. He has long acted as a partisan supporter of the Prime Minister's best self. I don't know whether Patten had to look Major in the eye and tell him that this was a matter of honour. But had he done so, the change in policy would have become inevitable.

What was almost as intriguing was Patten's unusually frank public admission about his keenness to return to British politics. Up to now he has been guarded, giving the impression that he may seek some fat-cat international job - president of the UN Commission - or retire to well-thought-out privacy, composing light satirical verse and stammering through the villages of the Lot valley in the company of his good friend Jonathan Dimbleby.

The Conservative Party was never wholly

convinced by this. But now that Major has done the decent thing, helping Patten to leave Hong Kong with a clearer conscience, the gossip will rise several degrees. They know what this means. Patten may yet be the next Tory leader.

He would, of course, be a different sort of Tory leader in the late Nineties than he would have been in the first part of the decade. As Conservatives at home wallow in loose talk about Asian values, here is one Tory who has actually been living there.

It has rubbed off. He is too shrewd to be taken in by the modish worship of Asia currently fashionable in London (it used to be Eastern mysticism that got people frog-eyed; now it's Eastern materialism). Patten knows that so-called "Asian values" can produce, in practice, Victorian results - corruption, child labour, and other stuff we have spent the 20th century trying to escape from. Patten also knows how widely those economies differ, and how in practice Asian states can be highly interventionist.

But he has picked up enough of the energy and scale of the Asian renaissance to push his thinking - and, in crude terms, to change it rightwards. He wants to shrink, quite drastically, the proportion of public spending taken by the state. Influenced particularly by that old Asian sage, Lord Sidel-sky, he is a convert to the "30 per cent" state. Like most advocates of much lower public spending, Patten has been disturbingly vague about what services would be cut to get there. But Hong Kong seems to have



ANDREW MARR

Thatcherites suspect that Major may be working for a Patten succession

completed a shift in his economics begun by Margaret Thatcher.

Once known as a passionate pro-European, Patten has also come out as a sceptic about the European single currency. On that, as on the size of the state, his politics have developed in parallel to the views of other old Tory leftists, such as Malcolm Rifkind and William Waldegrave.

A more telling comparison is with Kenneth Clarke, who remains a traditional welfare-statist, desirous about the possibility of driving down public spending by another quarter or so and sympathetic to a single currency.

Unlike Clarke, Patten is starting to look like the kind of Tory moderate with whom the Tory right could do business. Patten's earlier, rebuffed, call for full passport rights

for all Hong Kongers has given him something to live down in Tebbitt Country. But that will be partly discounted as "going with the Territory", and can now be set against his shifts on economics and Europe.

He has, in addition, one priceless asset. He has not been around. He cannot be blamed for the Government's behaviour over the Scott report, or for Black Wednesday, or anything else. After some of the grimmest years of government unpopularity in modern history, Patten is the nearest thing the Tory party has to a man with clean hands.

His political strategy for Hong Kong's handover has been bitterly criticised from inside the colony. But he was never responsible for the big policy decisions hemming him in; and a lot of the sting has been taken away by yesterday's news on visas.

This clears him to come home as a serious potential contender for the Tory leadership, missing the next election by a few months, but in time for any post-election contest. He would need Major's help with timing, and he would need to find a way of returning to Parliament. But if the Tories were by then the opposition, or had won yet another election victory, by-elections might be winnable again. For a couple of years or so, there has been gossip about a by-election involving the Kensington seat held by Patten's old admirer, Sir Nicholas Scott.

Speculation like this, chewed over in Covent Garden restaurants and among right-wing dining clubs, has led the Thatcherite wing of the party to ask, with increasing suspicion, whether John Major is

working actively for a Patten succession.

I suspect that in his own quiet way he is. The two men remain confidants. They spent many private hours together this week. Patten has given long-range advice and reassurance during some of Major's loneliest passages in office. At that level in politics there is no one else, except perhaps Ian Lang, to whom the Prime Minister feels closer. No wonder Major would like him back.

The inter-Patten of returning Governor would have a significant impact on British politics. It isn't only that Patten might prevent the Tory party falling into the hands of the right-wing "bastards", or indeed, the passionately pro-European Ken Clarke. It's more that, as currently positioned, he offers a middle way, and therefore an alternative to the Tory civil war that has been so widely predicted.

We are running far ahead of events - though not, at a pure guess, far ahead of private conversations in the Governor's mansion in recent days. But how would the party react? Up to now, the assumption among his potential rivals has been to dismiss Patten - too far away, too long away. And in the frantic, jealous, inward-gazing world of Westminster politics, it may seem that to be living on the edge of China is to be about as out of touch as you can get.

But the Tories at large may take a different view. Come to think of it, for a party that claims to be globalist and to see visions of the future in Asia, and which has been handicapped by the sheer dreary familiarity of its leadership, what neater answer could there be?

Gay ban is based on bias alone

ANOTHER VIEW

Edmund Hall

Well bless my soul, the ban on gays in the military is to stay - hardly the most surprising news of the day. After all, the MoD made crystal-clear from the outset that the internal review was intended to support its view that all lesbians and gays in the forces, however good their records, should automatically be sacked.

A series of leaks, interviews by admirals to regional newspapers, and "off-the-record" briefings to friendly journalists over the past six months made it impossible for the survey of 13,500 servicemen and women to be genuine in its impartiality. The questions were loaded - "Do you agree that all homosexual acts are perverse?" And the supposedly anonymous forms asked respondents details of their unit, length of service, rank, branch and place of birth. No sane serviceman or woman can seriously have believed they were giving genuinely anonymous information - and it was clear from the press what their bosses wanted them to say.

Since when did the British armed forces become a democracy? It's a lovely idea and I've already started writing the new questionnaire. Do you agree or disagree with the following statements? I would like to serve in Northern Ireland. Black and/or Asian people look inappropriate in the Brigade of Guards uniforms. The Scottish infantry regiments should be decimated. Hands up those who want to go to Bosnia.

What does the review actually tell us? The only "fact" in the whole 242 pages (plus appendices) is the announcement that lots of people in the forces are homophobic - it really has been a great day for revelations. But since when did the existence of prejudice become the justification for its own continuance?

The review team looked at countries where the ban has been lifted, and concluded that no evidence could be found that lifting the ban has not impaired military effectiveness. The only answer to a test that strict would be to look for a marked improvement in military effectiveness after the ban was lifted - and even I accept that might be a little optimistic.

The review demolishes all the basic arguments that the MoD has used in defence of the ban over the last couple of years. It says that arguments about "security" fears and worries about the care of young people no longer hold water. All that is left is the prejudice - the fears of ordinary serving men and women - that gays simply aren't up to the job.

Well, the fact is that in most of the Western world lesbians and gays serve happily and successfully, even in Israel, the most combat-hardened force in the world. The MoD has admitted in this report that the ban is based on prejudice alone - how on earth can it continue now?

The writer was a junior naval officer; he was dismissed in 1988 after "coming out" voluntarily.

Has peace been blown apart?

The suicide bombings in Israel will bring about a new cycle of violence, says Patrick Cockburn

The suicide bombs in Tel Aviv and Jerusalem have created a political crisis for Israel, the Palestinians and the peace accords that were meant to resolve the conflict between them. They have all but destroyed the government of Shimon Peres, which is now likely to lose the election in May. They have ended, for the moment, the hopes of Yasser Arafat of gradually creating a Palestinian state in the West Bank and Gaza.

It has all happened so suddenly. Ten days ago, Peres seemed to be heading for a landslide victory. Polls showed that the Oslo accords were backed by 59 per cent of Israelis. Binyamin Netanyahu, the leader of the right-wing Likud party, was still damaged by the assassination of Yitzhak Rabin last November. But four bombs have transformed relations between Israelis and Palestinians. As Israeli spokesmen yesterday of forming a national unity government there was little support left for the next stage of accommodation with Arafat.

It has been a strange bombing campaign, not least because nobody knows who is carrying it out. Although the suicide bombers come from some fraction of Izzedine al-Qasbi, the military wing of Hamas, their statements are constantly contradicted by events. The bomb yesterday in Tel Aviv followed a detailed leaflet the day before that said there would be a three-month truce. The attacks appear to be carried out by a few fanatical cells in the area of Hebron and Jerusalem, possibly with support from some militant Hamas leaders in Jordan and Syria.

The declared reason for the bombings is vengeance for the assassination of Yahya Ayyash, the Hamas master

bomb-maker, on 5 January, by a boot-trapped phone planted by Israeli agents. Retaliation was expected but not on the present devastating scale. As the attacks continue, however, it seems that whoever is behind them simply wishes to end Israeli-Palestinian dialogue.

In this they are succeeding very well. By twice hitting 18 buses in Jerusalem the bombers mocked claims of improved security. Even as troops and police poured into Jerusalem yesterday, the bombers attacked again in Tel Aviv.

"Everybody is now caught in a trap, both Peres and Arafat," said a Palestinian observer, who did not want to be named, in Jerusalem yesterday. "The Israeli government needs to do something spectacular to answer Hamas if it is to win the election. This has to be as dramatic as the suicide bombs themselves. The only thing they can really do is go into Gaza or one of the other autonomous Palestinian towns. This might go down well with the Israeli public, but would certainly lead to more suicide bombs."

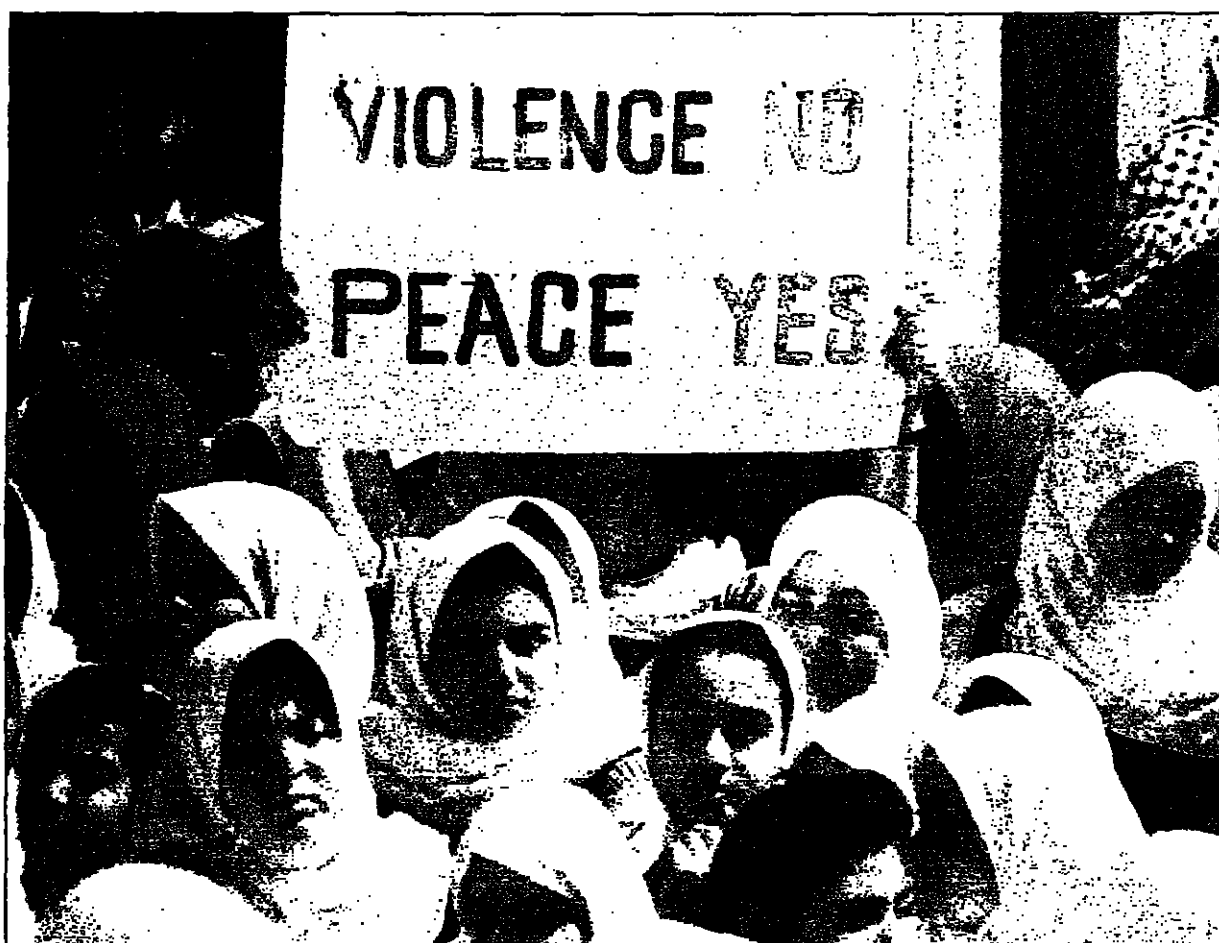
Zeev Schiff, a commentator close to the Israeli establishment, wrote yesterday: "Israel demands that the Palestinian Authority take care of Hamas and other terror groups located in the autonomous area. If the Palestinian Authority fails to act, Israel will intervene and strike against the various targets." Specifically, Israel wants Arafat to outlaw the whole of Hamas - its political as well as its military wing - and arrest its leaders and activists.

The problem for Arafat is that, if he does do this, he will look like what his radical enemies have always claimed he was: a Palestinian version of the Chief Buthekezi in South Africa, an Israeli puppet ruling Gaza as

his Bantustan. Hamas is supported by almost 20 per cent of the Palestinian population. Arafat's tactic has always been to try to co-opt the political wing of Hamas - he almost got them to take part in elections - and to isolate and pressurise Izzedine al-Qasbi. He may also feel he will gain little if he simply drives them underground. But if Arafat fails to deal with Hamas, he will face Israeli intervention, and that would be deeply humiliating. It would compromise the fledgling independence of the autonomous areas. It would set a precedent for a Likud government, making it easier for Netanyahu to send in the tanks if, as seems increasingly likely, he comes to power. Mr Arafat would also have to decide if he would tell the 20,000 armed men under his command, designated as police but often combat soldiers, to open fire on any Israeli intervention force.

Probably, Mr Arafat will choose to strike hard at Hamas. Ordinary Palestinians are probably more receptive to the idea than before. After Sunday's bomb, for the first time I heard most Palestinians say it was counter-productive," said a Palestinian. "They thought the first bomb was revenge for Ayyash but this is too much. They also know the closure of the West Bank means starvation for the three months until the Israeli election."

In Gaza, Arafat succeeded surprisingly well in isolating Hamas. But the current wave of attacks came from the West Bank. In Hebron district, Hamas is strong and Israeli troops have not yet withdrawn. They were to make a partial pull-back in March, but this is now unlikely to take place. It was from al-Fawwar refugee camp, immediately outside Hebron, that the



Palestinian women in the Gaza Strip demonstrate against terrorism yesterday. Reuters

first two suicide bombers came. It lies in the so-called area "B" where Israel is in charge of overall security. Arafat says he is not responsible.

Ordinary Israelis will not see it that way. In their eyes, the Oslo accords gave the Palestinians a measure of independence in return for peace. Instead they dare not let their children get on a bus. They will blame Arafat. The right will do so because it always opposed Oslo and believes Arafat and Hamas work hand in glove.

The suicide bomb is a weapon of savage power that has disturbed the previous balance between Israel and the

militarily impotent in the face of the suicide bombers.

There is a further reason why Israel may want to act militarily. The Oslo accords reflected the balance of power between Israel and the Palestinians in the early 1990s. Israel was clearly predominant. But in the invasion of Lebanon in 1982-84, during the Palestinian intifada three years later, and in the Gulf war, Israel had been unable to turn its military power into political dividends.

The suicide bomb is a weapon of savage power that has disturbed the previous balance between Israel and the

Palestinians. One Palestinian, asked to explain why Yahya Ayyash was so popular, said: "You don't understand how powerless and vulnerable Palestinians feel. They liked Ayyash because they knew he frightened Israelis." But now, the terrified Israelis will strike back, returning the two peoples to a cycle of ever-escalating, tit-for-tat revenge. In Ireland this pattern of killing used to be called "the politics of the last atrocity". This is the politics that now threatens to bury the rational calculations of the would-be peace makers in the Middle East.

Why most of Europe secretly wants us to lead

France and Germany never tire of telling us how they think Europe should develop. There should be one currency, one set of interest rates, one economic policy, all based on the decisions of the Frankfurt bank. Europe should volunteer for common weapons purchasing, an amalgamation of its defence industries and some common army divisions.

From there it should progress to a common defence: one army, one air force and one defence policy. Germany has said that political union is its price for monetary union. In other words France and Germany want to strike out in a bold direction of merging their two countries. For some the question is: who wants to join them? For the rest it is: who will they allow to join them?

The United Kingdom now needs to influence Europe decisively for the better. We are European by history, geography, culture and interest. No sensible person disputes that. Being European does not mean that we should always agree with whatever France and Germany propose. We should set out an alternative vision of a Europe prosperous and free, a Europe open to trade with itself and the rest of the world, a Europe in the forefront of new developments.

We should challenge the idea that Europe will only be rich and at peace

if monetary union is followed by political union, and if more and more countries are brought into the EU without the chance to defend their national interest properly.

The German government sees Western European monetary union as similar to Germany's recent monetary union, when East joined West. It underestimates the important role common German nationality and language played in merging the DM and Ostmark. It skates over the great costs incurred in that union. There is still a hefty surcharge on the income tax bills of all West Germans to pay for it, and there are still very long queues in the east.

Germans, while grumbling, accept it because they belong to one country. How would people in south-east England feel when told that tax bills were to go up to pay for the less prosperous parts of a Western European currency union, such as the north-east of France? The UK currently pays £10,000m a year as its gross contribution to the EU: that's 4p out of the standard income tax rate of 24p, or one-sixth of the total. That could easily double to 8p to pay for a currency union. Is it worth it? What would we get in return?

Some argue we should be strong advocates of a wider EU, bringing in

The Government is close to deciding its vision for the EU. John Redwood offers this script

Hungary and the Czech Republic and others as soon as possible. I have no objections to that, but it does not solve the other problems or lead to a less intrusive or less centralised Union. Every time in the past that the community has expanded we have seen the centre take more power and erode the national veto further. It will press for exactly the same this time round. By all means let's widen the Union but let us do so while loosening its grip, trusting nations and localities to do more and Brussels to do less.

The UK should set out a clear vision at the next intergovernmental conference. No other state will do so, although many will have private doubts about always being told the answers in advance by France and Germany. The Mediterranean countries will be excluded from monetary union. Germany has made that explicit in its recent statements. We

should be able to rally some support, especially now that the more Eurosceptic Partido Popular has won more seats than the Socialists in Spain. The Scandinavian countries are also worried by the Union's direction. Sweden has already said it wants its own opt-out from the euro; Denmark would find it difficult to persuade its electorate of the wisdom of going in given the initial referendum result.

The Republic of Ireland is reluctant to join if the UK does not, given the pattern of her trade. The UK should be the policeman of the Maastricht treaty. We should block any move to let Belgium into EMU as her debt levels are well outside the terms of the treaty. The UK should be the political voice of all those Germans who want to keep their DM and all those Frenchmen who think the Maastricht criteria represent a price too high.

We should remind states that the peace has been kept in Europe since 1945 thanks to NATO, which protected the West from danger without, and thanks to the successful democracies protecting us from dangers within. Involving the EU in our defence arrangements could only be disruptive. The neutral states would resent it; surely we are not saying that they must be forced to abandon neutrality? The countries that make an important con-

tribution to NATO would have divided loyalties and confusion of command.

We should be positive. We should set out an agenda to make legislating in the EU much more democratic, involving member states' parliaments and consulting people likely to be affected. We should set Europe's horizons wider, to expand trade and alliances with America and Asia; we face global competition, and we will earn our living in a global market. Our European links and friendships are important, but they must not be allowed to stifle our creativity, free trade and entrepreneurial flair at a time when they will be much needed.

Our vision of Europe with more trade and fewer laws can equip us all for the world of the Internet, multimedia and new technology.

The Franco-German vision is old-fashioned and backward-looking. It will mean higher taxes, more laws and less ability to respond to the challenges of modern life. It will lead to protectionism and to regional and national discontents. It is our duty to stop it and offer something better. We want a Europe that works, not a Europe of the dole queue. A Europe that respects independent traditions, not forces them together. Doing that would merely create a whole load of Quebecs.

Time Out



WARNING:
THIS WEEK'S TIME OUT
MAY SERIOUSLY ALTER YOUR
VIEWS ON SMOKING

Kvaerner buys Trafalgar for £904m

RUSSELL HOTTEN

Norwegian engineering group Kvaerner yesterday reached a £904m agreed takeover of Trafalgar House, whose luxury Cunard shipping line is likely to be sold as part of a £750m disposal plan.

Kvaerner's bid of 50p per ordinary share, and 80p for the preference shares brings to an end Hongkong Land's disastrous five-year investment in Trafalgar which has cost it several hundred million pounds.

Hongkong Land, owned by the Jardine Matheson empire, has agreed to sell its 25 per cent stake, a move which will be influential

when other shareholders consider whether to accept the offer.

Hongkong Land will receive £224m under the deal, but analysts believe its investment has cost it at least double that figure, including backing two rights issues in recent years.

Simon Keswick, chairman of Trafalgar, said: "The offer by Kvaerner for Trafalgar House represents an excellent opportunity for realising value for Trafalgar House's shareholders."

Kvaerner's president and chief executive Erik Tonseth said the deal would be partly funded by a disposal programme of non-

core assets. About £250m worth of sales have already been signed by Trafalgar, including the Ritz hotel and householder Ideal Homes, and Mr Tonseth estimates the remaining assets will fetch another £750m.

Cunard, pride of Britain's merchant and owner of the QE2, is almost certain to be sold. Mr Tonseth said: "In my opinion, Cunard falls outside our core criteria and we will address it accordingly."

Cunard, which last September had a book value in the Trafalgar accounts of £294m, is now thought to be worth little more than £200m. P&O, Walt Disney, and Carnival Cruises

are among some of the liner operators talking to Kvaerner about buying Cunard, which was last year hit by a row when it set-sea before completing a re-fit.

Kvaerner, is also likely to sell its stake in British construction company Amec, which was built up during an abortive £320m takeover attempt last year, and possibly Trafalgar's remaining US housebuilding interests.

Kvaerner said it was not under pressure for fire sales. Mr Tonseth said it would take until at least 1997/98 to restore Trafalgar to satisfactory profitability. The troubled UK company made a 1995 pre-tax loss

of £321m and has debts of £229m.

Kvaerner wants to internationalise its oil and gas operations, particularly in Asia, and was keen to take over a company with strong project management experience.

Mr Tonseth said: "We believe that the skills and technologies of Trafalgar House and Kvaerner will substantially enhance the prospects for the combined businesses and will create one of the most powerful engineering companies outside the US."

Kvaerner only has a market capitalisation of £900m, but it is Europe's largest shipbuilder and

a major offshore oil industry engineering company.

Mr Tonseth has made little secret of the fact he is only interested in Trafalgar's core engineering and construction businesses, including Davy and John Brown.

He had originally begun negotiations for these businesses, but Trafalgar said it would only accept a bid for the whole company. Mr Tonseth said: "Sometimes when you want to go somewhere, you have to make a detour and in a way we are making a detour."

The Jardine group had targeted Trafalgar as a way to reduce its exposure to Hong Kong and

the commercial threats from the Chinese takeover. Hongkong Land said it planned to use the funds raised from its stake in Trafalgar on Asian investments.

Mr Tonseth said the takeover will cause few job losses and will result in a shift in Kvaerner's centre of gravity from Norway to London, though the group's HQ will remain in Oslo. Kvaerner had already moved its subsea operations to the UK.

He said: "If this acquisition goes through we will have a very substantial presence in the UK and this will have an impact on the way Kvaerner carries out its operations."

A tough choice for the colony company

TOM STEVENSON
City Editor

Hongkong Land's decision to accept Kvaerner's offer for its 26 per cent stake in Trafalgar House was not taken lightly. Involving a £100m loss, the disposal represents the latest in a long line of strategic failures by its ultimate parent, Jardine Matheson, which has been trying to diversify out of the colony for 25 years.

Henry Keswick, Jardine's chairman, is renowned for his virulent hatred of what he himself once described as China's "Maoist-Leninist, thoughish, oppressive" regime. But his dislike of what Hong Kong has in store from next July is matched only by his inability since the early 1970s to reduce the family company's dependence on the colony.

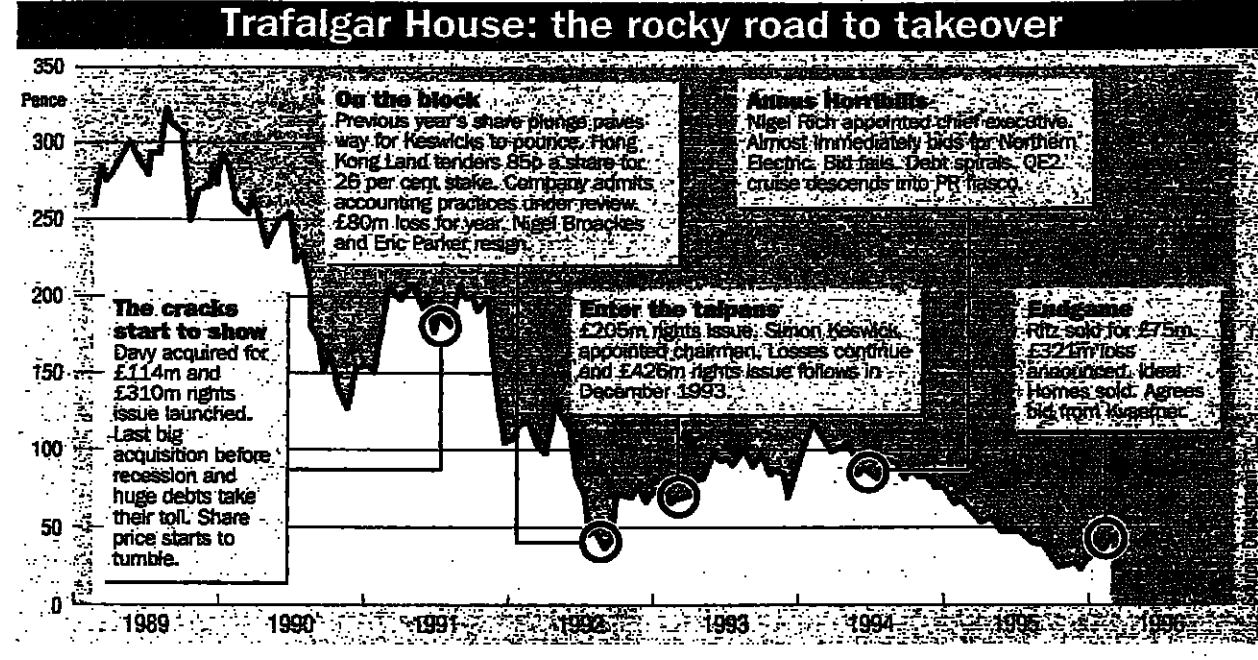
The swoop on Trafalgar's shares in October 1992 was an audacious move to take advantage of a dramatic plunge in the value of one of Britain's once-greatest conglomerates. The Keswicks hoped it would be a cheap toehold in a British-based but international construction and engineering group. It had the added bonus of some high-profile trophy assets such as London's Ritz hotel and the QE2 cruise liner.

The decline of Trafalgar in recent years was a shocking slap in the face for that strategy but it was not the Keswicks' first taste of failure. In the late 1980s Jardine acquired Kwik Save, the UK discount grocer that has since underperformed the market by a wide margin. It has also made poor investments in Spain. By 1994, more than half of group profits still came from Hong Kong.

Ironically evidence of a rapprochement with the Chinese authorities might mean the imperative to shift assets out of the colony has lessened.



Plain sailing: Erik Tonseth, Kvaerner's chief executive (left), and Nigel Rich, his Trafalgar House counterpart yesterday. Photograph: Jane Baker



Cunard sets a steady course for the marketplace

Cunard charted some rough seas last year but it remains the pride of Britain's merchant fleet - which is why several potential buyers are currently running their slide rules over the operation, writes Russell Hotten.

The public relations nightmare that followed the QE2's

re-fit continues to haunt Cunard financially, but Kvaerner is already thought to be in discussions about offloading the business.

Among the potential purchasers are Lord Sterling's P&O shipping line, US cruise operations Carnival and Royal Caribbean, and the Walt Disney

group, which has already moved into the liner market.

Cunard made a loss of £134m last year, although its book value in the last Trafalgar accounts was put at £294m after a £79m write-down in assets. Trafalgar had embarked on a large reorganisation of Cunard, investing some £200m over the

past two years. But Trafalgar said yesterday it did not expect Cunard to return to profit for a least two years. Demand on the fleet of eight passenger ships, which also includes the prestigious Royal Viking Sun, has slowed as the slump that hit the cruise industry in 1995 looks like continuing into 1996.

Cunard was particularly badly hit because of underinvestment in its ageing fleet, which is less efficient and less well organised on board than the modern vessels. The QE2 is said to be 30 per cent more expensive to run than P&O's Oriana. But analysts feel that cruise operators with deeper pockets

than Trafalgar (or Kvaerner) will be able to turn Cunard around as long as the crucial North American market continues to grow steadily.

Excluding the disposals already announced by Trafalgar, Kvaerner is expected to raise £750m from selling off businesses, of which Cunard will be

the biggest. But the Norwegian company, the biggest builder of cruise ships in the world, knows something about the passenger liner market and will not feel the need to embark on a fire sale. One Kvaerner source said: "Cunard is not part of our core strategy. But neither do we feel under pressure to sell."

Front line: The booming industry is set to move into a vast area of new technology.

Cable prepares to turn interactive

MATHEW HORSMAN
Media Editor

The cable industry is gearing up for a large investment in interactive media, following selective testing of new technology in franchises around Britain.

The cable operators, including market leaders Telewest and Nynex CableComs, are exploring the potential of so-called "cable modems" that allow high-speed interactive services such as home shopping, home banking and Internet connections.

Cable lines, which are mainly fibre-optic, can speed up the exchange of data compared with traditional copper wire, according to experts. Nynex is running trials of modems in Bromley, Kent, and expects to be able to introduce a high-speed service throughout its network by as early as next year. Telewest's parent company, the media giant TCI, has launched trials in Baltimore, Maryland, and intends to

set up separate tests in the UK within a few months.

"Our advantage is that cable is not just about the modem but about the broadband network," Adam Singer, chief executive of TCI International, said.

Bell Cablemedia is working with Telewest and Nynex on a test in Surbiton, Surrey, which will help the companies develop a video-on-demand technology.

According to cable experts,

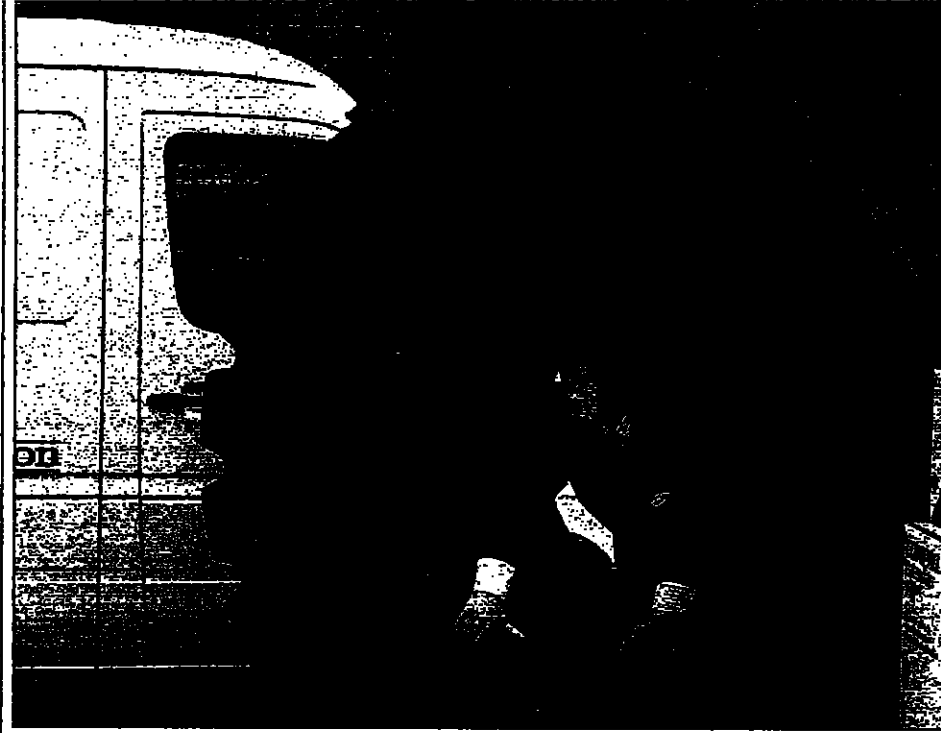
the operators are looking at three different options to deliver Internet and other interactive services to homes and businesses. The first is to use existing technology, which allows a limited degree of two-way communication. The second is to furnish subscribers with an add-on box to supplement the existing equipment. The most expensive, but most effective option would be to replace existing boxes with cable modems.

The push to introduce cutting-edge technology is driven by cable's indifferent performance in the UK market. As General Cable's results, announced yesterday, suggest, the industry has struggled to win customers in the crucial "build-out" period, during which the main network is being established.

The industry faces competition for both its main products - telephony and television. BT

continues to dominate the market for residential and business telephony, despite cable's sharply lower rates, while BSkyB, the satellite broadcaster, has developed a huge lead over cable television and has sewn up the big contracts for the supply of movies and sport, the main drivers of subscription television. "We have to offer something customers can't get elsewhere," a cable industry spokesman said. "Interactive services are an obvious choice." To compete, "the industry has to work together," Sir Anthony Cleaver, chairman of General Cable, said.

Meanwhile, expectations that the market for pay-TV programming is set to grow were heightened yesterday, with the news that PolyGram, the film and music company, was joining forces with actor Robert Redford's Sundance company and US pay-TV film company Showtime to launch a global version of the Sundance pay-TV channel.



Hayes, the distribution and business services group led by Ronnie Frost (above) is set for the acquisition trail. Mr Frost says he is looking at deals of more than £100m in Europe, with France and Germany the main priorities. The company has been seeking to expand its commercial division which includes document

exchange and courier businesses. "In fishing terms, I've had a lot of nibbles but no bites," he said. Mr Frost was speaking as he unveiled another set of upbeat results. Half-year profits rose by 20 per cent to £81m on sales up from £378m to £465m.

Investment Column page 13

Sears sells Millets in streamlining operation

NIGEL COPE

The streamlining of the Sears retail group continued yesterday when it sold Millets, the outdoor retailer, to a management group for around £20m. Sears will book a total loss of £25m on the disposal which involves 163 stores and net assets of

£17m. Millets made a modest, but unspecified profit last year on sales of £90m.

In the last 12 months Sears has now sold half a dozen store formats including Olympus Sports and a fleet of shoe chains including Freeman Hardy Willis, Manfield, Trueform, Saxone and Curtiss.

Sears chief executive Liam Strong said: "This completes the disposal of our sports and leisure division and is in line with our strategy of focusing on a smaller number of major retail brands."

The management team that is buying Millets is led by Roy Crosland, the former managing director of Ryman's the sta-

tioners. James Kerr-Muir, the former Kingfisher finance director, will be chairman.

Mr Crosland, who bid unsuccessfully for Ryman's last year, said: "We think it is a very interesting opportunity. It is the only sizeable company in the outdoor sector which is a growing market. We are very excited

by it." According to market researchers Mintel, the outdoor goods market grew by 50 per cent between 1990-95.

Mr Crosland says there will be no shop closures or redundancies. He plans to concentrate Millets more on outdoor clothing, less on leisurewear. The management team is being

backed by venture capital group 3i and has raised £22.5m for the deal which includes a sum for working capital.

The first branch of Millets opened in 1894 but much later achieved a nationwide presence. Sears acquired the chain in 1986. Sears shares were unchanged yesterday at 95.5p.

PowerGen leads group to buy Australian plant

MARY FAGAN
Industrial Correspondent

PowerGen has embarked on one of its biggest overseas acquisitions to date as leader of a consortium buying a Aus\$2.4bn (£1.1bn) generating plant and coal mine in Australia. The company's own equity stake in Yallourn Energy, which is project-financed, is £208m.

The move underlines PowerGen's continued drive overseas in spite of its ambitions to become a vertically integrated power company in the UK. The Australian operation, 100 miles from Melbourne, includes a 1,450MW generating complex and a mine with brown coal reserves.

PowerGen's stake in the Australian project is 49 per cent. The partners include Itochi, a Japanese trading house, and three leading Australian institutions. Yallourn is the first big generating company to be sold in the privatisation of the

industry in the state of Victoria. PowerGen is already involved in building and operating a gas-fired power station in Portugal and in a combined generating and coal-mining scheme in Germany.

PowerGen's Australian acquisition comes amid increasingly fierce competition in the home generation market. The soon-to-be-privatised nuclear industry has taken a surprising amount of market share in recent years and there has been growing pressure from independent companies building new combined-cycle gas turbine plants.

Recently British Gas announced its intention to enter the generating business with the 750MW Seabank power station at Avonmouth. PowerGen has been further squeezed by demands from the regulator, Professor Stephen Littlechild, that both generators dispose of substantial power station capacity to enable more competition in the marketplace.

STOCK MARKETS				
Index	Close	Day's change	Change (%)	1995/96 High 1995/96 Low
FTSE 100	3768.50	+15.90	+0.4	3781.90 2954.20
FTSE 250	4244.90	+8.50	+0.2	4244.90 3270.80
FTSE 350	1933.10	+7.10	+0.4	1933.10 1482.40
FT Small Cap	2063.97	+5.26	+0.3	2063.97 1675.61
FT All Share	1958.83	+6.30	+0.4	1958.83 1469.23
New York	5992.09	+45.92	+0.8	5930.49 3892.09
Tokyo	20063.83	-104.75	-0.5	21113.30 14465.40
Hong Kong	11294.05	+59.11	+0.5	11294.05 6967.93
Frankfurt	2487.99	-13.23	-0.5	2501.22 1910.96

Source: FT Information

INTEREST RATES				
Short sterling*	UK medium gilt*	US long bond		
1 Month	6.03	7.77	8.66	7.91
3 Month	5.92	7.77	8.66	7.91
6 Month	5.92	7.77	8.66	7.91
1 Year	5.92	7.77	8.66	7.91
2 Year	5.92	7.77	8.66	7.91
3 Year	5.92	7.77	8.66	7.91
4 Year	5.92	7.77	8.66	7.91
5 Year	5.92	7.77	8.66	7.91
10 Year	5.92	7.77	8.66	7.91
15 Year	5.92	7.77	8.66	7.91
20 Year	5.92	7.77	8.66	7.91
25 Year	5.92	7.77	8.66	7.91
30 Year	5.92	7.77	8.66	7.91

CURRENCIES				
£/\$	£/DM	£/¥		
1.5282	0.6544	0.011	0.609	0.011
1.5290	0.6540	0.011	0.610	0.011
1.5293	0.6540	0.011	0.610	0.011
1.5293	0.6540	0.011	0.610	0.011
1.5293	0.6540	0.011	0.610	0.011
1.5293	0.6540	0.011	0.610	0.011
1.5293	0.6540	0.011	0.610	0.011
1.5293	0.6540	0.011	0.610	0.011
1.5293	0.6540	0.011	0.610	0.011
1.5293	0.6540	0.011	0.610	0.011

مكتبة الأمل

Body Shop arrives up the Amazon, paddleless

COMMENT

The Body Shop should never have gone public in the first place. With its environmental stance, the company was always going to struggle to satisfy the conflicting demands of its green credentials and its shareholders.

The whole "will they, won't they" saga of the Roddicks trying to buy back The Body Shop is now looking as messy as the colourful goo available in the company's stores. First, the news that Anita and Gordon were keen to take the company private oozed out badly last year, unsettling investor confidence and putting the Roddicks on the spot. Now the eco-friendly founders have decided against the whole plan as it would increase debts to a level that might affect the growth prospects of the business.

It is a rumour show all round. The Roddicks are left running a public company while they would clearly sooner be running a private field. Investors, too, are left in limbo. What ever the Roddicks say about a commitment to increasing shareholder value it is now clear that they would sooner be up the Amazon discussing the finer points of tribal remedies for dandruff, or some such. Gordon Roddick, for example, was on a fact-finding trip to Brazil yesterday.

The Roddicks' motives for seeking to take Body Shop private are plain enough. Like Alan Sugar, Richard Branson and Andrew Lloyd Webber before them, here are two entrepreneurs who would prefer to run their own show without the interference of the City. The green issue adds a further complication as the Roddicks do not have *carte blanche* to devote more profits to ecological causes.

The plan has failed because the Roddicks realised that the buy-back would simply mean

swapping one set of City taskmasters for another, arguably harsher, set – in this case, the banks. If times become hard, equity holders cannot call in their capital in a company and must grin and bear it if dividends are cut or vanish. Banks can and sometimes do call in their loans, with disastrous consequences, of course, for the borrowers.

What is abundantly clear is that the Body Shop should never have gone public in the first place. With its environmental stance, the company was always going to struggle to satisfy the conflicting demands of its green credentials and its shareholders. It ended with compromise, and the company finds itself lambasted both by the City for being too green and the green groups for not being green enough. All this has happened while the company's growth has stalled and it faces serious problems in the US. Body Shop is between a rock and a hard place and is likely to stay there until the Roddicks finally manage to do a deal.

Mr Clarke blows his trumpet

Kenneth Clarke, modest as ever, took the opportunity to remind MPs again yesterday that the economy is in pretty good shape, and "facing the most favourable economic circumstances that any of us in this House can remember." Britain has the lowest inflation for a generation, sustainable

growth, lower unemployment, and, *mirabile dictu*, even the start of a housing recovery. Labour's response is to query the strength of the foundations underlying this shining edifice. Has there been enough investment to increase the economy's capacity? Do the new jobs available provide a sense of security and encourage the workforce to improve its skills? How can people be helped from benefits to work?

But there are also some more specific doubts about economic prospects even without raising such fundamental questions. One of the things that could go wrong for Mr Clarke in the short term is an end to the fall in unemployment. Jobless figures lag the business cycle, and could this year start reflecting the slowdown in growth in 1995.

Surveys indicate that manufacturers have already started to cut employment. If it happened, this would certainly reinforce the feeling that the economy is slowing down and could kick the legs from under the housing market just as it is struggling to its feet.

Another possible danger is faster earnings growth. Pay settlements seem to have stabilised at about 3.5 per cent, but earnings "drift" – bonuses, overtime pay, and profit-related payments – could return after an unusual absence. This would make it harder for the Government to hold the public sector pay bill flat.

Moreover, although it would make the voters feel better, pay increases would be one more influence fuelling higher consumer

spending, along with maturing Tessa's and share windfalls from building society flotations. Mr Clarke wants more consumer spending so the economy reaches his 3 per cent growth target, but not so much that retail price inflation starts to creep up.

On the other hand, there is a risk of recession in manufacturing and a decline in the already weak investment figures. If exports stay weak too, the economy could slow further. The worst consequence of this for the Chancellor would be higher government borrowing, limiting the scope for tax cuts. This is without even mentioning the ultimate danger: that the economy flourishes but still does not persuade voters to return Mr Clarke to Number 11 after the general election.

Work begins for Kvaerner

Sighs of relief can be heard coming from the boardrooms of Trafalgar House and Kvaerner. Nigel Rich, Trafalgar's chief executive, and his associates at Hongkong Land, seem finally to have got an embarrassing corporate disaster off their hands. And Eric Tonseth, Mr Rich's opposite number at Kvaerner, is close to exorcising the ghost of Amec, the UK contractor he failed to take over after a bruising battle last year.

Kvaerner had been courting Trafalgar House long before it approached Amec, and there is little doubt that the Norwegian com-

pany had done its homework before the announcement of the agreed deal. Nevertheless, there is still a feeling that Kvaerner has not got quite what it hoped for. Its attempts to forge an understanding with Trafalgar before now have always foundered on whether Kvaerner should take on the Cunard line and other bits it did not want.

But Kvaerner was desperate to get hold of a project management and construction company that could expand its world-wide oil and gas contracting business, especially in Asia. So, having failed to get Amec, Mr Tonseth bowed to Trafalgar's all-or-nothing request and risked buying the whole company. The Norwegians believe they could raise about £750m from selling off the non-core divisions of Trafalgar, Cunard being the biggest. Cunard's book value last September was £204m, but a lot has happened since then and whether the company is worth as much now is questionable.

Kvaerner prefers to talk about the synergy of the takeover, rather than the break-up value of Trafalgar. But yesterday's deal was driven less by industrial logic than by expediency. Kvaerner, lacking offshore contracts in Norway, stumbled when it came to leading its own larger international offshore contracting projects. With the Trafalgar takeover, Kvaerner has created the world's biggest offshore oil and gas fabrication business, turning that into something that benefits shareholders is, however, a different and tougher job.

Economy: Promising signs of housing market revival and pick-up in consumer spending unlikely to change timetable, say analysts

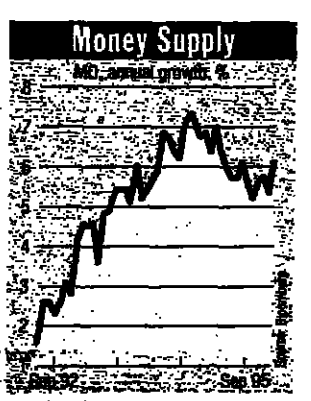
Cut in interest rates still on line

DIANE COYLE
Economics Correspondent

Fresh signs of recovery in the housing market and evidence of a pick-up in consumer spending are unlikely to derail a cut in interest rates later this week, analysts said yesterday. A surge in the growth of the narrow money measure M0 in February suggested that spending might have increased after a quiet start to the year. Last month saw a big increase in narrow money – mainly cash in circulation – according to Bank of England figures. The higher-than-expected 1 per cent jump took M0's annual rate of growth to 6.1 per cent from 5.2 per cent in January.

The annual growth of cash in circulation climbed to 6.4 per cent, the fastest since the end of 1994, following a 0.9 per cent jump during the month. Although the narrow mon-

ey supply tends to be erratic from month to month – as the Treasury pointed out yesterday – the increase in its pace of growth could signal increased spending. "The evidence of liquidity sloshing around the system does not square with the notion that the economy is on its uppers," said Kevin Darlington, an economist at brokers Hoare Govett.



David Owen, at Kleinwort Benson, said: "The figures do confirm that the economy was stronger in February." A CBI survey of the distributive trades due on Thursday will give a clearer indication of high street spending last month.

Mr Owen said maturing Tessa might already be playing a part in boosting spending. About £20bn-worth mature

this year, plus around £6bn in interest, heavily skewed towards the first quarter. According to recent figures, retail deposits with banks and building societies fell by more than £2bn in January, mainly due to Tessa withdrawals.

City analysts do not expect the buoyant money figures to stand in the way of the widely anticipated quarter-point re-

duction in base rates to 6 per cent. M0 has been growing faster than its 0.4 per cent monitoring range for more than three years without arousing alarm. Factors such as low interest rates, meaning there is little lost interest cost to holding cash, Lottery mania, and higher numbers of tourists have been taken as explanations for rapid growth in the use of cash.

Other recent figures have shown that manufacturing industry is stagnating and inflation declining. Most forecasts of the economy point to further falls in the Government's target measure of inflation.

"The money supply is just one piece of the jigsaw. It will not make any difference to what the Chancellor decides on Thursday," said Ian Shepherdson at HSBC Markets.

However, Simon Briscoe, an economist at Nikko Europe, said: "Signs of consumer strength will lead to talk that this week's rate cut will be the last for some months."

Chancellor Kenneth Clarke and Eddie George, Governor of the Bank of England, held their monthly meeting on Thursday afternoon. The Bank is expected to introduce the lower rate either late on Thursday or on Friday morning.



Man with the plan: Eddie George is expected to introduce a rate cut on either Thursday or Friday

Fresh signs of housing revival

There was new evidence of the beginning of a recovery in the housing market from Halifax building society yesterday, writes Diane Coyle. It reported a 0.9 per cent increase in house prices last month. This was the seventh successive rise and the biggest for two years.

Prices, averaging just under £62,000, were 0.2 per cent above their level a year earlier. It was

the first time since January 1995 that their annual rate of growth has been positive.

This follows a 1.4 per cent February increase in Nationwide's more volatile price index, published on Friday. It put the year-on-year increase at 0.9 per cent.

Halifax said: "The latest figure gives further support to our view that a recovery is now tak-

ing place." Experience at Halifax Estate Agencies also indicated that a recovery had started.

Halifax predicts a 2 per cent average price rise during 1996 and a 10 per cent increase in the number of housing transactions. The number of loans approved, a leading indicator of transactions, turned up in January.

Nuclear expenses sparks row

MARY FAGAN
Industrial Correspondent

A political row has erupted over the fund to be set up to cover future nuclear decommissioning costs in the soon-to-be privatised industry. It has emerged that the annual payments made by British Energy, the company running the nation's most modern reactors, will be only £15m – up to 50 per cent less than originally envisaged by the Government.

John Battle, shadow energy spokesman, yesterday attacked the Government for playing a "deft of hand game" with the privatisation at the expense of

the public and said he would be demanding an immediate explanation from ministers.

"They are fattening the company up to make it a more attractive prospect for investors at the expense of taxpayers. What I fear is that in five years time the Public Accounts Committee will condemn this as having been a shabby deal for the public but by then it will be too late," he said.

Mike Kirwan, British Energy's finance director, said that the "surprisingly small" annual payments can be explained by lower decommissioning costs and the Government's view of what an

investment portfolio should achieve. The amount put into the so-called segregated fund will be to cover costs stretching out over many years.

The debate over the £2.5bn privatisation took a further twist when John Robb, British Energy's chairman, said he was in favour of share option schemes for directors and employees in spite of the recent rows over "fat cats" in private utilities.

He said: "I am talking about pushing them right down the management chain."

Mr Robb said that although no decisions have been taken "I have always found them a rea-

sonable way of rewarding and motivating senior management". He said that in a company such as British Energy, they could be awarded to those earning £20,000 to £30,000 per year and above.

British Energy is still locked in battle with the Government over the financial structure of the company once it is sold, including the level of debt it will carry, the expected profitability and the value of the assets. Mr Robb said: "The Government has an obligation to maximise sales value to taxpayers. The board is in a different position. We also have an obligation to the new owners."

British Gas hits tough times in South America

HUGH O'SHAUGHNESSY
Santiago

British Gas's multi-billion-pound plans for expansion in Latin America are under severe pressure as its projects in Chile and Argentina are buffeted by competition and those in Bolivia, Brazil and Colombia by political and commercial uncertainties.

British Gas has been working with a US partner Teneeco on the \$365m TransGas scheme to bring gas across the Andes from Argentina, Patagonia to southern Chile and eventually to Santiago. The city of five million people is the capital of a country whose economy grew at around 8 per cent last year and where explosive economic growth is expected to lead to a doubling of electricity generation within the next 10 years.

Although the pipeline plans were well known last year no important construction work has started on the line and British Gas has not announced any deals with potential customers in Chile.

Building began last October on a much shorter \$284m rival line, GasAndes, from the Argentine city of Mendoza, directly across the mountains

from Santiago. It should be finished in May 1997, possibly before the British Gas/Teneeco line arrives and will provoke stiff competition and much-reduced prices.

GasAndes is a joint venture between Chilgener, a Chilean power company, the Nova Corporation of Canada and other companies and has already announced initial deals to supply four gas-fired generation plants near the capital.

"I think GasAndes has stolen a big march on TransGas and I don't know if they will be able to catch up," said one leading Chilean banker here yesterday. George Ferguson, local British Gas manager, told the *Independent* that contracts would soon be announced and that the TransGas line could be built faster than the rival line as TransGas goes over lower mountain altitudes. He also cast doubt on GasAndes's ability to provide the assured volumes that he claimed his project could provide. "TransGas plans to sell 90 billion cubic metres of gas over 25 years," he said.

He rejected reports there that British Gas will accept operating a loss-making operation in Chile to secure its place in the region.

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IN BRIEF

Swab abandons doorstep selling

South Western Electricity's gas marketing arm has agreed to abandon doorstep selling under pressure from the local trading standards authorities. An investigation into alleged aggressive selling techniques began after complaints to the Gas Consumers Council. There were fears in the industry that the issue would overcloud the opening of the domestic gas market in the south west in April this year. Ian Powe, director of the GCC, yesterday called on all suppliers to think twice about mounting a doorstep campaign.

Downbeat forecast from Brussels

The European Commission will publish new, gloomier economic forecasts tomorrow. Economic affairs commissioner Yves-Thibault de Silguy told Euro MPs yesterday that the Commission's growth forecast for 1996 had been revised down to 2 per cent from the 2.6 per cent prediction it published in November. Although the report will not explicitly assess how individual countries are faring in their efforts to meet the Maastricht targets for government deficits and debt, the weaker forecast will be taken as casting more doubt on the ability of some members to qualify for the single currency on time.

IBM buys Data Sciences

IBM has bought Data Sciences for £95m just a fortnight before the company was due to float on the London Stock Exchange with a price tag of around £80m through a placing arranged by James Capel. The Farnborough-based computer services group was a £67m management buyout from Thorn EMI in July 1991. It has 1,700 employees in the UK, Netherlands and Germany.

US consumer spending slips

US consumer spending dropped unexpectedly by 0.5 per cent in January, the biggest decline since August 1992. Economists blamed winter storms and the Federal Government shutdown, and predicted a February rebound. Personal income rose by 0.1 per cent, taking the savings rate to 5.3 per cent.

Official reserves rise by \$51m

The overall level of the UK's official reserves rose by \$51m in February, bringing the end February reserves to \$44.95bn (£29.36bn) compared with \$44.9bn (£29.72bn) at the end of January. But the underlying change in the reserves was a fall of \$97m.

THE INVESTMENT COLUMN

Edited by Magnus Grimond

US traumas for healthcare firms

Elastoplast to keyhole surgery group Smith & Nephew has worked hard to shift its unfocused conglomerate image and last year it completed its exit from pharmaceuticals and dumped surgeons' gloves, the last of its commodity-type businesses.

But despite all this effort, the City still pigeon-holes Smith in the "sound but dull" sector of the market. Yesterday's results only confirmed that view. The market clipped 0.5p from the share price to 188p after underlying pre-tax profits advanced an unexciting 5 per cent to £180m in 1995, after stripping out restructuring costs and disposals from both the last two years. Integration costs of £14.6m wiped out the £8.7m contribution from acquisitions, mainly Acuflex, the surgical instruments business, and Homecraft, a maker of aids for the old and disabled.

But these were respectable results for a year in which medical budgets continued to face downward pressure – selling prices slipped by 0.5 per cent last year – and with the main European and US markets growing at a rather anemic 3 per cent. Overall volume growth of 8 per cent, the best for some time, was boosted by the UK, where the establishment of a unified sales force 18 months ago helped the rate of sales growth more than double to 12 per cent.

Continental Europe, where the same "one company" strategy has been in place for some time, was up a handy 8 per cent. The problems lay in areas exposed to the US market, where healthcare is in the midst of a well-publicised upheaval. The impact of so-called healthcare management operations on big pharmaceutical groups is being paralleled in Smith's case by the concentration of hospital groups, notably the merger of Columbia and Hospital Corporation of America which created a buying group as big as the NHS.

The increased power of customers hit businesses skewed to the US market, namely trauma, endoscopy and orthopaedic implants. Sales growth in these operations failed to come anywhere near the double-digit increases notched up in wound management (Elastoplast and the like) and casting and support. The outlook is for another couple of years with growth held to around 5 per cent in the area.

But even if the US proves to be a relative drag in the short-term, Smith's artificial bone and cartilage products could provide plenty of excitement further out. If current development work is successful, and the chance is around 50 per cent, they could open up markets worth several billion dollars by the next century.

Profits of around £190m this year

would put the shares on a prospective multiple of 16. Acquisition prospects have been punctured since Johnson & Johnson found a target elsewhere, but backed by Smith's £500m war chest for acquisitions, the shares should be held.

No nonsense at JD Wetherspoon

The rise and rise of JD Wetherspoon is a marvellous corporate success story. Founded in 1979 by a Kiwi barrister who liked his local pub so much he bought it, the chain came to the market in 1992 with 44 pubs and has since grown to over 130. Since flotation, the shares have soared from 160p to 743p yesterday, up 21p after the announcement of another strong set of interim profits.

After a 43 per cent rise in sales for the six months to January, pre-tax profits rose by a similar amount to £5.5m, earnings per share were 49 per cent better at 14.8p while the dividend increased by a more sober 13 per cent to 3.1p.

Wetherspoon's success was to see a gap in the market for no-nonsense pubs, with no music, no-smoking areas and cheap beer. They were neither overpriced wine bars nor dingy back street boozers and the public lapped

them up. Unlike many of its peers, Wetherspoon did not rely on food sales and the bulk of its profits still come from drinks.

A huge success so far then, but the steep trajectory of the share price has given investors justifiable cause for concern in recent months. Their worries include the enormous cost of maintaining an ambitious opening programme, a declining rate of like-for-like sales growth, the group's depreciation policy and increasing competition from large brewers who are increasingly encroaching on Wetherspoon's niche.

Chairman Tim Martin believes he has an answer for all these concerns. Having secured a new £50m debt facility from his bankers, he reckons the threat of another rights issue has receded. Even if Wetherspoon spends £35m a year for the next five years, which is the plan, the company should not have to come back to shareholders during that period.

Latest figures from new pub openings show that larger, town-centre sites outside London are generating much better weekly sales than some of the older pubs – which should keep sales growth motoring, a change in accounting policy means that depreciation should satisfy even the most prudent shareholders and competition is good for the market as a whole.

On forecast profits of about £12m,

the shares currently trade on a prospective price earnings ratio of 24 times this year's profits, which looks quite high enough. Fundamental measures may, however, not be the best guide to this share's sustainability. If Bass or one of the other big brewer/pub owners decided to swoop they might well be prepared to pay a full price for a company that has consistently delivered the goods. Hold on.

The sun is still shining on Hays

Hays, the distribution and business services group, has proved a remarkably resilient performer since it came to the market in 1989. The shares have quadrupled since and earnings have grown by an average of 16 per cent.

Chairman Ronnie Frost has developed a three-legged structure based on distribution, commercial services such as document delivery and personnel that is clearly working.

The good news continued yesterday with pre-tax profits up 20 per cent to £60.8m in the six months to December and earnings up by 21 per cent.

Profits in the distribution division increased by 12 per cent, with volumes with existing customers such as Waitrose and Ford increasing and new contracts signed. One of Hays' strengths is its relatively small exposure to the cut-throat supermarket sector where margins are being squeezed. It only has two supermarket clients – Tesco and Waitrose and so is less exposed than rivals such as Christian Salvesen. The only hiccup was in Europe where the Paris strikes had a limited impact on the delivery business in France. In Germany the market remains difficult.

The commercial division, which includes document exchange and courier services had a good six months with profits up 20 per cent to £18m. But the star performer was personnel, which specialises in temporary jobs in accountancy and information technology as well as the building professions such as architects and surveyors. Profits there increased by 38 per cent as the company benefited from the trend towards more flexible employment.

The plan is to expand in Europe as the UK accounts for three-quarters of group sales. The company is looking for a sizeable acquisition in France or Germany particularly in commercial services.

Panmure Gordon is forecasting profits of £131m for the full year. With the shares down 6p yesterday to 393p, they are on a forward rating of 18. High but still a good bet for the longer term.

John Willcock CITY DIARY

Lazards gets on the back of a winner

Tally ho! Nicholas Jones, a managing director at Lazards, the merchant bank, is subject to envious comment in the City, and it's nothing to do with mergers and acquisitions. His wife Veronica owns part of a racehorse that has just notched up seven successive victories. Easthorpe is running at the Grand Annual, a two-mile steeplechase at Cheltenham next week. Sounds like a good punt.

The Chancellor, Kenneth Clarke, is losing his right-wing conscience. Yesterday David Ruffley, Mr Clarke's principal special adviser, resigned from the Civil Service after being selected as the prospective parliamentary candidate for Bury St Edmunds, a safe Tory seat. Mr Ruffley, a keen golfer and Manchester United supporter, has served Mr Clarke in various guises since 1991 as a speech writer and political adviser. Last night he said he had never tried to counsel the Chancellor on his infamous rumpled appearance. "He's very strong-willed when it comes to his suits and shoes," Mr Ruffley said. And how did he think his former master was doing in the Ken versus Eddie fight on interest rates? "City sentiment is that the Chancellor is probably rather a good judge of setting monetary policy," Yes, minister.

Forget prawn sandwiches at the age, here's a shareholder perk worth having. Man-games Bronze Holdings, which makes metal powders and components for the taxi industry, yesterday launched a shareholder discount voucher scheme that will allow investors to get free rides. Shareholders with 200 shares or more (worth about £450) will be entitled to a £5 discount on a journey in its modern, wheelchair-accessible Fairway taxis. The Fairway was itself launched in 1989 and combines the traditional black cab shape with a modern interior. The drivers in return get £10 in cash to spend at their service agents. Taxi!



What on earth is John Archer, managing director of Comtec, doing up this telegraph pole? The Cambridge-based communications products distributor may have just been bought by its management team, but this seems an inadequate excuse for such exuberance. Mr Archer is flanked by Geoff Davies of Lloyds Bank and Glen Fraser of Comtec on his left, and John Buck of Comtec and Andrew Fraser of 3i on his right. Mr Archer said yesterday that Comtec's ability to offer products to "all three transmission media – fibre optic, copper and radio frequency – combined with a high level of technical support places us in a pre-eminent position in the industry." Up a pole.

Ronnie Frost, executive chairman at Hays, the distribution and business services company, has turned the firm's press briefings into a family affair. At last year's final results Mr Frost addressed the press wearing a bright red tie with teddy bears on it, to make, he explained, his daughter Jane's wedding the previous weekend. Yesterday he gave an update: Jane is expecting a new issue in the shape of identical twins. Analysts will get to find out the gender of the twins at the next final. Saves putting announcements in the *Times*, I suppose.

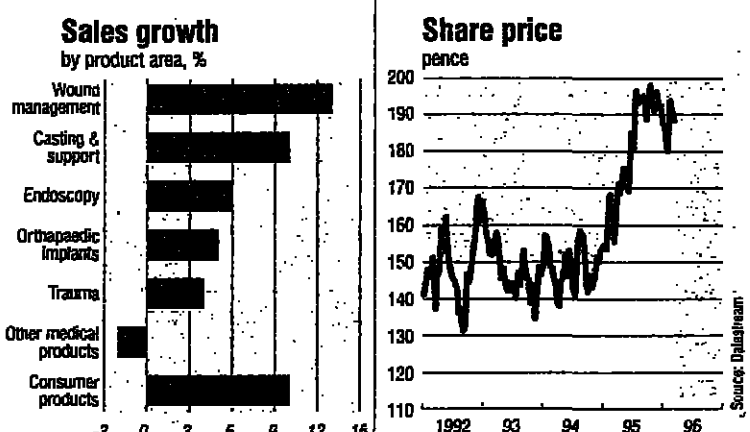
Questionable career moves of our time. Peter Ward resigned the post of chief executive of

Rolls-Royce in a huff last year to head up Cunard, the ailing Trafalgar House subsidiary, in order to turn it around. What will be done now that Kvaerner plans to flog off Cunard as soon as it buys Trafalgar?

Stirring stuff from Ian Lang, President of the Board of Trade, yesterday as he addressed the Japan Society on the subject of deregulation and prosperity. Mr Lang quipped: "We are not just selling computers and cars to Japan, we are also selling replica 1930s Arsenal shirts, Tudor Cottages and rag-worms to Japanese anglers!" The balance of payments is in safe hands.

STOCK MARKET DATA

	1991	1992	1993	1994	1995
Five year record					
Turnover (£bn)	792	858	949	985	1026
Pre-tax profits (£m)	70.3	155	165	-5.5	177
Earnings value added (£m)	4.0	10.2	10.6	-4.96	10.3
Dividends per share (pence)	4.44	4.62	4.91	5.28	5.65



ICI moves into South America

Magnus Grimond

Imperial Chemical Industries is to become South America's leading decorative paints group after agreeing to pay \$390m (£255m) for Bunge Paints. The deal comes just weeks after the UK chemicals group signalled its readiness to step up its acquisitions strategy after revealing a potential £2bn-to-£3bn war chest at the time of its annual results.

The latest deal takes ICI's paint sales close to 1.2 billion litres a year, the first time any company has exceeded 1 billion

litres. Based in Sao Paulo in Brazil, Bunge produced 200 million litres of paint last year, equivalent to the whole of ICI's continental European operations, with a sales value worth over \$400m.

From being hardly represented in the area, ICI will gain leading market positions in the countries comprising the Mercosur countries – Brazil, Argentina, Uruguay and, through a joint venture, Bolivia. Bunge will give it strong brand names such as Coral, Alba and Inca. ICI said.

The British group is paying

\$295m in cash, with the balance of the acquisition represented by the assumption of debt. Bunge had net assets of \$145m in 1994, when it made profits of \$55m. However, profits were lower last year, hit by pressure on margins caused by rising raw material prices and restructuring charges.

ICI chief executive Charles Miller Smith said the Bunge acquisition was exactly in line with the strategy of expanding the paints business in the fastest growing areas of the world. It would provide "a sound platform on which ICI Paints can

build a growing and profitable business in the Latin American region." The impact on ICI's earnings will be neutral in the first year and thereafter it would add to earnings, he said.

The seller is Bunge Group, a private Bermuda-registered agribusiness group with operations mainly in Argentina and Brazil. The deal follows a period of expansion for ICI's paints operation, which acquired Grow Paints and Fuller O'Brien both of the US last summer. The business saw profits dip from £122m to £107m last year and is currently

the subject of a profit improvement programme.

ICI also announced that Hon Chiu Lee, chairman and managing director of Hyson Development Company of Hong Kong, has been appointed non-executive director. Mr Lee is a non-executive of several leading Hong Kong companies including Cathay Pacific Airways, Hang Seng Bank and Sime Darty Hong Kong. He has good connections with mainland China, serving on the consultative council, and his appointment will be seen as part of ICI's attempts to expand in the area.

Recovery lets BBA plan to expand

TOM STEVENSON
City Editor

The recovery at nappies to brake pads engineer BBA continued last year as the benefits of new chief executive Bob Quarta's efficiency drive shone through. The shares, which have more than tripled in three years, edged ahead by only 8p to 314p, however, with the market already expecting good figures.

Mr Quarta said: "1995 was a very successful year for BBA. It was also the year in which BBA shifted decisively from retrenchment to expansion. A year ago we outlined our priorities for 1995: further focus to our activities through disposals and reorganisation; greater operational efficiencies and acquisitions to entrench and expand our positions where we are already strong.

"These priorities have been achieved. Our management focus now is on growth, both organically and through acquisitions."

The signal that more purchases might be in the pipeline accompanied a 41 per cent jump in profit before exceptional items to £118.5m (£84.3m). Having reached its target of double-digit profit margins a year early, the formerly struggling group was able during the year to launch Switzerland's first contested public offer when it made a break up bid for Holvis, owner of the Fiberweb nappy business.

The big jump in profits was achieved despite a 14 per cent decline in sales during the year from £1.38bn to £1.18bn.

BBA has said it wants to grow in Latin America and the Pacific Rim and is expected to focus on electrical and transportation businesses. It is thought to have amassed a £300m war chest.

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Close Brothers powers ahead on volume rise

JOHN EISENHAMMER
Financial Editor

Strong volume growth at sustained profit margins powered a sharp rise in interim earnings at Close Brothers, the merchant bank specialising in medium-sized companies. The bank said yesterday it will be investing heavily in corporate finance and fund management to build up the third leg of business alongside specialised loan financing and market-making in small and medium-sized stocks.

Profits before tax during the six months ended 31 January 1996 rose by 32 per cent to £21.7m. With had debt provisions up in percentage terms on the same period the previous year, even though at a low level in the cycle, the earnings growth was driven mainly by better volumes.

"The whole loan book grew by 22 per cent last year because the economy is doing well and we have been maintaining margins," said Red Kent, managing director.

The interim dividend was increased by 12 per cent to 3.2p net. Earnings per share rose by 15 per cent to 12.64p. "It has been an absolutely splendid performance," Mr Kent said. The results follow on from Close Brothers' £53m rights issue in October, which increased the capital base by 30 per cent.

Michael Morley, chairman, focused on corporate finance as a key area for organic growth. "We see considerable opportu-



Boom time: Brian Winterflood saw profits virtually double

nities for expansion of our activities amongst medium-sized UK quoted companies, at a time when many other merchant banks are concentrating on larger companies."

The bank is also building up its investment management capability, and is considering moving into private client investment. Specialised lending against assets to British companies accounts for 44 per cent of profits. By specialising in narrow areas, such as printing equipment, and concentrating on high-quality assets the group had kept bad debts low, Mr Kent said.

Profits from market-making by Winterflood Securities, headed by Brian Winterflood, virtually doubled to £7.3m, or 34 per cent of the total.

Costs increased by 1.1 per cent as a percentage of operating income despite the strong investments. Mr Kent said that although the merchant banking sector as a whole was undergoing consolidation, Close Brothers is determined to pursue an independent strategy and was not seeking interest from other firms. Close Brothers shares closed down 11p yesterday at 379p on profit-taking.

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Soothsayers huddle around the calendar to locate the big crash

Wanna know what is going to happen to Wall Street? Here is the answer.

The Dow Jones is going to carry on its present rise to 6,000, which it will reach this spring. Then, during the week beginning Monday, 20 May, there will be a crash; the market will fall by about 15 per cent. The resulting panic will, however, prove a good buying opportunity in June, for a recovery in prices will take place running up to a peak in the first quarter of 1997. Then the long bull market will be over.

If this forecast seems overly brave in its precision let me say quickly that it is not mine, though I do find it extremely plausible. It comes from Robin Griffiths, head of technical analysis at James Capel, in his recent paper on the US market. For people who are not familiar with the term, technical analysis means chartism. This, for the sceptics, means the black-box art of examining charts for patterns that might have some predictive significance: head and shoulders, double bottoms and the like.

The particular chart which Capel notes is the one reproduced on the left here, which shows the extent to which the Dow has moved away from its 12-month moving average. They argue that momentum is such that in the near term the Dow will



ECONOMIC VIEW
HAMISH McRAE

indeed race on towards 6,000, but that the scale of the deviation is already such that the risks are akin to those of 1986/87. If the index reaches 6,000 before May, the deviation will be the largest ever.

This has always in the past been followed by some kind of crash. But if that crash (or correction, as analysts like to call it) would still be above the 12-month moving average, then the Dow would still be intact - the scale of a correction would obviously be very disruptive, but chartists would argue that since

good moment to panic". I would add that risk-averse investors might consider bailing out a bit earlier on the grounds that it is always better to panic before other people do.

The fun will not, however, be entirely over. James Capel argues that we are now towards the end of the second phase of a conventional three-wave bull market. After the coming crash, there will be the third leg. By the end of June, there should therefore be an opportunity to buy back in and take advantage of the final fling of the bull market.

Charts are a useful tool when

Risk-averse investors might bail out early on the grounds that it is better to panic before others do

the trend would still be intact, the bull market could continue for a while longer. The period of maximum danger is May-June, with that week of 20 May looking, in Capel's words, "a

picture they project coincides with fundamentals. The high valuation on US equities has been noted by many investment houses working from fundamental values, rather than

from charts: things like price-earnings ratios, or a comparison between equity yields and bond yields. But for a second opinion on the health of the market, let's go to another set of black-box merchants, the editors of *The Bank Credit Analyst*, a firm of specialist investment advisers based in Montreal.

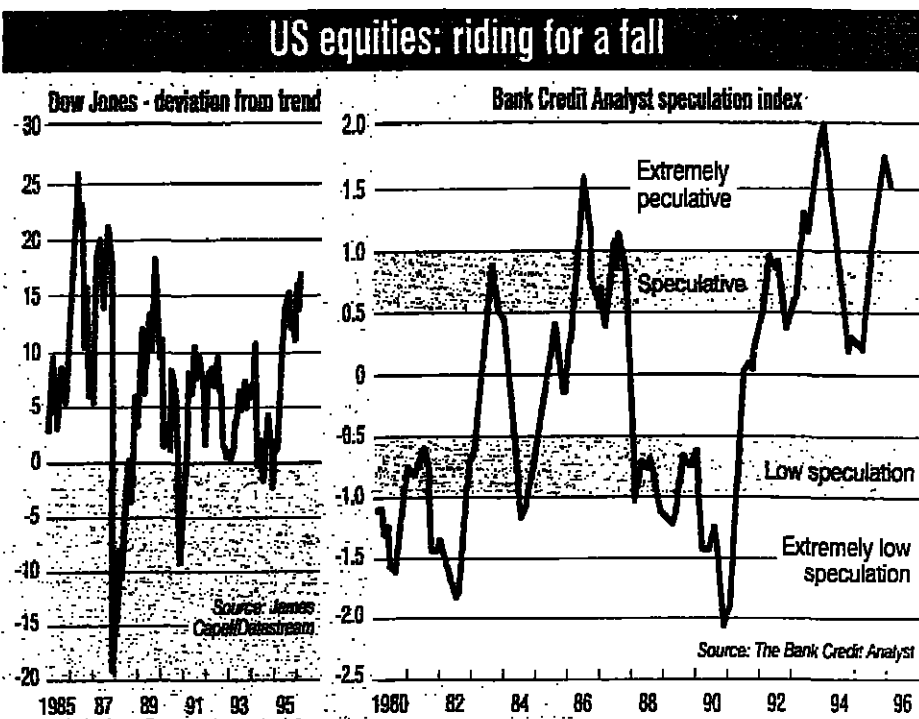
The BCA team base their advice not on the pictures that the charts make but rather on a series of value indicators, with quite a lot of attention paid to monetary data. They were monetarists long before it came into vogue in the 1980s and have remained monetarists since it went out of fashion too. One of their yardsticks for valuing a market is their speculation index, and the movements of this index, 1980 are shown in the right-hand graph.

The point here is obvious. On their reckoning we are also in the danger zone, just as we were in 1986 and 1987. Share prices were, however, also in the "extremely speculative" in 1993 and though there was an adjustment, there was nothing like the 1987 crash. Further, the BCA speculation index has been on red alert since the summer of last year, so following too closely its buy/sell signals would mean one would lose out on a very solid bull market.

BCA has, to its credit, been stressing for some months that

although the market is at dangerously high valuations, the bull market is intact and that further rises in share prices are on the cards. It has reckoned that despite this, the risk/reward ratio for investment in US shares is unattractive and has therefore recommended underweight positions.

It takes quite a lot of courage to bail out of bull markets too early. If, however, one takes the very long view of investment it may make sense to do so. The argument here is that it is more important not to lose money in bear markets than it is to catch the maximum gain in bull markets. If you believe this, then following the BCA people is a good long-term common-sense guide to investment.



May, and James Capel deserve all the credit for their courage in setting a date when the danger is at its peak. But there is an alternative scenario which is

comes this autumn rather than next spring. That is a more conventional view - that crashes occur in October - but it is surely just as likely as the sell in May.

We in the UK have not been so mesmerised as the US by the boom in high-technology stocks

surely just as plausible. This is that the bull market runs on more or less intact through the spring and into the autumn, with maybe a plateau in the summer. Then the final speculative peak

buy back in June, sell in January 1997 scenario.

What does all this mean for Britain? Historically the UK market has tracked the US one. It would be astounding if

a crash there did not result in a similar crash here. But valuations on the UK market, towards the top end of their historic range, are not at the extreme levels in the US. We have not been so mesmerised by the boom in high-technology stocks, if only because we have far fewer high-technology companies. There is still some value here. So while we should expect to be affected by the fall-out from the US, rationally the crash here need not be as dramatic as the crash there. The trouble with the word "rational", though, is that reason, like goodness, has nothing to do with it. Meanwhile put a ring around 20 May in your calendar.

Foreign Exchange Rates

Country	Spot	1 month	3 months	D-Mark	Spot
US	15282	31-11	31-28	1000	0.5776
Canada	22857	20-18	20-36	13794	0-3
Germany	22523	64-57	65-145	14788	22-20
France	77307	63-10	62-24	50587	45-36
Italy	23683	65-83	220-244	5487	60-67
Japan	16088	79-74	229-222	10514	44-43
ECU	12778	15-12	43-38	12544	2-4
Denmark	46350	2-8	33-25	30330	5-4
Netherlands	87252	74-68	330-274	37010	44-41
Norway	25239	66-67	177-175	16518	32-29
Ireland	9792	12-7	27-21	15735	1-5
Norway	98203	100-54	268-186	84281	35-10
Spain	9112	37-47	178-138	12508	37-42
Sweden	24354	71-77	188-143	46372	25-22
Switzerland	13381	69-63	204-195	12015	37-35
Australia	20185	19-25	58-77	12161	19-21
Hong Kong	18185	19-25	58-77	73735	2-12
Malaysia	38808	0-4	0	25480	4-14
New Zealand	22289	0-4	0	4482	30-32
Saudi Arabia	57395	0-4	0	33655	0-14
Singapore	2583	0-4	0	14123	41-30

Other Spot Rates

Country	Spot	Dollar	Country	Spot	Dollar
Nigeria	45203	45203	Kenya	56181	56181
Argentina	16801	16801	Philippines	40825	40825
Australia	15302	15302	Portugal	23473	23473
Brazil	15302	15302	South Africa	59658	59658
China	22700	22700	Taiwan	421077	421077
Egypt	51857	51857	Thailand	56181	56181
Finland	63835	63835			
France	22452	22452			
Greece	39376	39376			
India	52250	52250			
Kuwait	40475	40475			

Forward rates quoted high to low are at a discount; subtract from spot rate. Rates quoted low to high are at a premium; add to spot rate. "Dollar rates quoted as reference." For the latest foreign exchange rates call 0800 123 3033. Calls cost 36p per minute (cheapest rate) 40p other times.

Interest Rates

UK	Base	Germany	Discount	US	Prime	Japan	Discount
UK	8.25%	Germany	5.00%	US	8.75%	Japan	0.50%
France	5.00%	France	5.00%	France	5.00%	France	5.00%
Italy	9.00%	Italy	7.00%	Italy	9.00%	Italy	7.00%
Discount	9.00%	Discount	5.50%	10-Day Repo	8.00%	Switzerland	1.50%
Netherlands	3.00%	Netherlands	3.00%	Sweden	5.00%	Sweden	1.50%
Advances	3.00%	Advances	4.25%	Repo (1w)	8.50%	Lombard	4.25%

Bond Yields

Country	5yr	10yr	15yr	20yr	30yr
UK	8.88	8.88	8.88	8.88	8.88
US	5.95	5.95	5.95	5.95	5.95
Japan	6.4%	6.4%	6.4%	6.4%	6.4%
Australia	8.0%	8.0%	8.0%	8.0%	8.0%
Germany	5.0%	5.0%	5.0%	5.0%	5.0%
France	5.9%	5.9%	5.9%	5.9%	5.9%

Money Market Rates

Interbank	2 1/2%	3 1/2%	4 1/2%	5 1/2%	6 1/2%
Starting CDs	6 1/2%	6 1/2%	6 1/2%	6 1/2%	6 1/2%
Local Authority Depos	6 1/2%	6 1/2%	6 1/2%	6 1/2%	6 1/2%
Treasury Bills (1yr)	6 1/2%	6 1/2%	6 1/2%	6 1/2%	6 1/2%
Dollar CDs	4 1/2%	4 1/2%	4 1/2%	4 1/2%	4 1/2%
ECU Linked Dep	4 1/2%	4 1/2%	4 1/2%	4 1/2%	4 1/2%

Tourist Rates

Country	1990	1991	1992	1993	1994
Australia	15400	15400	15400	15400	15400
Canada	14700	14700	14700	14700	14700
France	24000	24000	24000	24000	24000
Germany	24000	24000	24000	24000	24000
Italy	24000	24000	24000	24000	24000
Japan	15400	15400	15400	15400	15400
UK	15400	15400	15400	15400	15400

Liffe Financial Futures

Contract	Settlement	High/Low	Est/Contd	Open
Long Oil	105-11	105-11	22287	61446
Short Oil	105-11	105-11	22287	61446
Long Gold	380-10	380-10	22287	61446
Short Gold	380-10	380-10	22287	61446
Long Silver	105-11	105-11	22287	61446
Short Silver	105-11	105-11	22287	61446

Liffe FT-SE Index Options

Series	Settlement	High/Low	Est/Contd	Open
Series	3769.0	3769.0	3880	3880
Series	3769.0	3769.0	3880	3880
Series	3769.0	3769.0	3880	3880
Series	3769.0	3769.0	3880	3880

Energy

Contract	Settlement	High/Low	Est/Contd	Open
Long Crude	17.42	17.42	17.42	17.42
Short Crude	17.42	17.42	17.42	17.42
Long Gas	17.42	17.42	17.42	17.42
Short Gas	17.42	17.42	17.42	17.42

Commodity Prices

Commodity	Price	Change
Index	1970-100	1970-100
Index	1970-100	1970-100
Index	1970-100	1970-100
Index	1970-100	1970-100

Industrial Metals

Aluminum	Cash	3 mths	Volume	Stocks	chg
Aluminum	1555-60	1555-60	5-11	73480	+1700
Copper	2587-8000	2587-8000	604-7	34375	+1200
Lead	7725-735	7725-735	171-72	1650	+150
Nickel	7655-35	7655-35	7675	38222	-78
Tin	6145-55	6145-55	5123	10225	+185
Zinc	1037-38	1037-38	32888	833550	+1925

Precious Metals

Platinum	4050	26550	Brasserie	408	267
Platinum	4050	26550	Brasserie	408	267
Platinum	4050	26550	Brasserie	408	267
Platinum	4050	26550	Brasserie	408	267

Agricultural

Cocoa	Settlement	High/Low	Est/Contd	Open
Cocoa	17.42	17.42	17.42	17.42
Cocoa	17.42	17.42	17.42	17.42
Cocoa	17.42	17.42	17.42	17.42
Cocoa	17.42	17.42	17.42	17.42

Other Softs

Softs	Price	Change
Softs	1970-100	1970-100
Softs	1970-100	1970-100
Softs	1970-100	1970-100
Softs	1970-100	1970-100

Latest Unit Trust Prices															
Stock	Sell	Buy	Yld	Stock	Sell	Buy	Yld	Stock	Sell	Buy	Yld	Stock	Sell	Buy	Yld
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market report/shares

DATA BANK

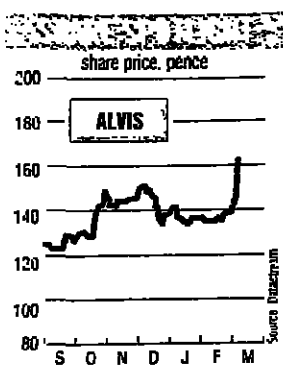
FT-SE 100
3768.6 +15.9

FT-SE 250
4244.9 +8.5

FT-SE 350
1883.1 +7.1

SEAQ VOLUME
650.4m shares,
37,257 bargains

Gilts Index
93.90 +0.34



City tackles Manchester United's television ambitions

TAKING STOCK

The possibility of Manchester United establishing its own television channel is intriguing the stock market.

Stories, which started in Manchester, suggested such a development was near although sources close to the club felt it unlikely – at least for some years.

The possibility of leading football clubs running their own TV operations has become increasingly likely as the screen sports revolution has emerged.

United, with a much more highly developed commercial operation than any other club, would lead the charge.

At the moment it is standing shoulder to shoulder with other Premiership clubs in supporting the existing BSkyB deal. But Whitehall is examining the Premiership link to see whether it could be judged a cartel.

The 20 Premiership clubs

collect £40m to £50m of annual revenue from TV. If United bypassed the big broadcasters it could dramatically increase its take. Last night's clash with Newcastle United would represent a huge pay day. Following the reserves and juniors would also keep the cup overflowing.

United shares, in brisk trading, held at 267p, selling at 11 times last year's earnings. With TV interests they could enjoy a much higher rating.

The rest of the market had a mixed session with the FT-SE 100 index gaining 15.9 points to 3,768.6 after stripping out 5.9 for dividend payments; the supporting index moved to a new peak with an 8.5 gain to 4,244.9.

The bid for Trafalgar House contained no surprises. The shares rose 3.5p to 48.25p against the 50p offer. The preference shares gained 8.5p to 78p compared with the 80p bid.



MARKET REPORT

DEREK PAIN

Stock market reporter
of the year

JD Wetherspoon, the pubs chain, sent ripples of unease through the brewing and puts sector. It accompanied another set of sparkling figures by adopting a new accounting policy – depreciating its freehold properties. As a relatively new company the exercise was not painful – a £400,000 hit.

For long there has been a debate in the drinks industry about its policy of not depreciating freeholds. Many accountants think it should.

If the Wetherspoon approach was adopted it would have a telling impact on the results of many of the long-established groups including Greenalls and Bass.

Alvis, the defence group, advanced 6p to 163p fuelled by takeover talk and the benefits which could emerge if the Ministry of Defence's three country armoured vehicle programme makes headway.

Hanson edged forward 1p to 190.5p on US buying. There is talk it is near to making a disposal which would enhance the value of the proposed merger. One suggestion is the sale of its electricity operation, Eastern, to a US utility.

Yorkshire Electricity, last week's hot tip for a utility bid, rose 9.5p to 80.5p. The shares were at one time up to 80.9p. The group is thought to have attracted the attention of at

least two US groups but their interest has yet to translate into a bid.

Argos the catalogue stores chain, was the latest to attract buy-back speculation, up 17p to 634p. House of Fraser was again tickled by talk of takeovers and boardroom changes. The shares gained 3p to 180p.

Pharmaceuticals were firm, partly on a London drug conference. Zeneca added 21p to 1,288p as its Tomudex cancer treatment was launched. BTG, deeply involved in the new drug, put on 55p to 1,305p.

Food retailers drew nourishment from the forecast food prices will increase 4 per cent this year. Tesco, despite further profit downgrades, improved 7.5p to 278.5p.

Copyright Promotions, the merchandising group, jumped 22p to 104p as Mosaic Investments exchanged its 22.5 per cent stake for a 0.9 per cent in-

terest in the Trocadero. Mosaic gained 3p to 34p and Trocadero 2p to 53p.

Peel, the property group, shaded 3p to 320p after buying in 367,000 shares at 320p.

A tip sheet mention lifted Wakebourne, the computer group, 4p to 24p. But Memory Corporation, which repairs defective chips, had another wounding session, falling 55p to 170p. The shares have collapsed 225p in six days.

Nynex, the cable group, was 3p firmer at 105p on reports it planned a merger with Telewest, unchanged at 136p.

Canadian Pizza, which has failed to perform during its 30 months of quoted life, edged forward 2p to 72p as ABN Amro Hoare Govett made encouraging noises. Its recent £1.4m profit was not as poor as expected and Hoare thinks it could make £2m this year with £2.5m next. The shares came to market at 200p.

Abertree Trust, the fund manager, firmed to 123p as Scottish Value, which is endeavouring to shake-up the investment industry, abandoned its predatory intent by selling its 14.3 per cent stake. The sale occurred as Abertree linked with Phoenix Home, a US insurer, for an American drive. Phoenix is buying convertible notes which could translate into a 17.1 per cent interest in Abertree.

Enviromed, the healthcare group, has almost eliminated debt by selling its dental equipment group side. Another disposal is near. It expects its diagnostic division to become its main earner. Profits will not be made this year but should start to flow next. Enviromed, where stake building is evident, has yet to improve. The shares fell 3p to 117p (after 17p). They were floated at 110p.

Alcoholic Beverages

Stock	Price	Change
Adnams	10.00	0.00
Beck's	10.00	0.00
Brewery	10.00	0.00
Carlsberg	10.00	0.00
Heineken	10.00	0.00
Hoegaarden	10.00	0.00
King	10.00	0.00
La Biere	10.00	0.00
Miller	10.00	0.00
Orkla	10.00	0.00
Quilley	10.00	0.00
Stout	10.00	0.00
Tennent	10.00	0.00
Watson	10.00	0.00
Windsor	10.00	0.00

Banks, Merchant

Stock	Price	Change
Barclays	10.00	0.00
Bank of Scotland	10.00	0.00
Bank of Ireland	10.00	0.00
Bank of London	10.00	0.00
Bank of Montreal	10.00	0.00
Bank of New York	10.00	0.00
Bank of Paris	10.00	0.00
Bank of Spain	10.00	0.00
Bank of Tokyo	10.00	0.00
Bank of West	10.00	0.00
Bank of America	10.00	0.00
Bank of Canada	10.00	0.00
Bank of China	10.00	0.00
Bank of India	10.00	0.00
Bank of Japan	10.00	0.00
Bank of Korea	10.00	0.00
Bank of Russia	10.00	0.00
Bank of South Africa	10.00	0.00
Bank of Sweden	10.00	0.00
Bank of Switzerland	10.00	0.00
Bank of Taiwan	10.00	0.00
Bank of Thailand	10.00	0.00
Bank of Vietnam	10.00	0.00
Bank of Yugoslavia	10.00	0.00

Banks, Retail

Stock	Price	Change
Bank of America	10.00	0.00
Bank of Canada	10.00	0.00
Bank of China	10.00	0.00
Bank of India	10.00	0.00
Bank of Japan	10.00	0.00
Bank of Korea	10.00	0.00
Bank of Russia	10.00	0.00
Bank of South Africa	10.00	0.00
Bank of Sweden	10.00	0.00
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Bank of Sweden	10.00	0.00
Bank of Switzerland	10.00	0.00
Bank of Taiwan	10.00	0.00
Bank of Thailand	10.00	0.00
Bank of Vietnam	10.00	0.00
Bank of Yugoslavia	10.00	0.00

Banks, Retail

Stock	Price	Change
Bank of America	10.00	0.00
Bank of Canada	10.00	0.00
Bank of China	10.00	0.00
Bank of India	10.00	0.00
Bank of Japan	10.00	0.00
Bank of Korea	10.00	0.00
Bank of Russia	10.00	0.00
Bank of South Africa	10.00	0.00
Bank of Sweden	10.00	0.00
Bank of Switzerland	10.00	0.00
Bank of Taiwan	10.00	0.00
Bank of Thailand	10.00	0.00
Bank of Vietnam	10.00	0.00
Bank of Yugoslavia	10.00	0.00

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Bank of Thailand	10.00	0.00
Bank of Vietnam	10.00	0.00
Bank of Yugoslavia	10.00	0.00

Banks, Retail

Chemicals			
188	146	Aldrich & M	129
137	109	Alk Colloid	128
247	185	Amcor Ind	228
948	629	BOC	306
303	226	BTI	294
76	67	Bayer Ind	80
178	155	Brd Vitr	276
200	184	Chemical	105

sport

The question is whether Thomas's confidence is better served by pitching him in again against France or by giving him a rest

Though Wales lost to Ireland, and England ground out the win against Scotland which I reluctantly predicted last week, the Five Nations' championship remains the greatest sporting competition in the world. It would have been pleasantly romantic if Scotland could have won the Triple Crown and the Grand Slam. They would have done too, I think, if Gregor Townsend had simply carried on running – rather as Andy Hancock did for England when they narrowly beat Scotland at Twickenham in 1965.

Townsend's mistake was to look for support, which enabled Rory Underwood to make the semi-tackle that deprived him of a try. Actually the Hancock comparison is not exact. The England wing was looking

for support all the time. But none came. So he simply ploughed on at what (through the mists of memory) seemed a rather slower pace than Townsend displayed on Saturday.

It would also have helped if Michael Dods had been in better touch with the ball. To which one has to add, in fairness to England, that Paul Grayson would have had to be in worse touch simultaneously, striking the ball as uncertainly as he did against Wales.

If Dods had kicked all six penalties instead of three, Scotland would have ended up with 18 points – enough for a draw. But if Grayson had kicked all his nine attempts rather than six, England would have finished with 27 and so still have won the match.

As it is, however, the final matches to be played on 16 March are of the greatest interest. England can still win the Triple Crown and the championship. But Scotland and France can each win the championship as well.

If Ireland defeat England and Wales France, Scotland, with six points, become the outright champions. If, however, England, France or both win, the competition (under the admirable new rule introduced in 1993) will be decided on points difference.

Scotland have a points difference of only four, England of 12 and France, owing largely to their win over Ireland, of 33. Accordingly, if England, France or both win, Scotland are out of contention. France



ALAN WATKINS
on rugby

could beat Wales by one point. In those circumstances, England would have to put a margin of at least 23 points between themselves and the Irish. If France beat Wales by a greater margin than one, Eng-

land would have correspondingly more to do.

At the start of the season I nominated France as the best investment (as the bookies like to call it), with Ireland as the most attractive "fun" bet. Well, this second recommendation does not look so clever today, even though the Irish seem to have put up an old-fashioned spirited performance against Wales. But I must confess to a feeling of self-satisfaction, smugness even, over those correspondents (all of them, as a matter of fact, English) who have written to reprehend me for preferring France to Scotland.

As I say, Scotland can still do it if both England and France go down on Saturday week. I hope they do. It would provide an impossibly ro-

mantic end to the season. Scotland, who surprised everybody, would have won the championship despite their defeat by England; while the two underdogs would have ended their season to tunes of glory. Yet Wales have been successful in only one of their last seven encounters with France in Cardiff, in 1994. In the 1970s and until 1982, they used to win regularly (with the 1974 match drawn). But that was another time.

I would bring back Mike Rayer at full-back and play Neil Jenkins either at inside-centre or at outside-half. Before the Irish match (of which I have seen only television excerpts) I should have retained Thomas. The poor boy should not now be punished for having a bad game. The question is whether his

confidence is better served by pitching him in again against France or by giving him a rest until next season. Wales also need a new loose-head prop instead of Andrew Lewis, who has never appeared comfortable; while Emyr Lewis, alas, is not the force he was.

At the beginning I said that the Five Nations' championship was still the greatest competition in the world. I hope the relatively poor showing of Wales and Ireland this season is not going to lead to more calls for a split table, with Italy and possibly Romania also entering a Second Division. I would much rather have a comprehensive European Championship, even if this meant – as it would – that more matches had to be played.

Forest rely on Roy for inspiration

Glenn Moore on a difficult Uefa Cup quarter-final first leg for Frank Clark's side

Although the arrest of 21 supporters in Munich for alleged fighting and robbery cast a shadow on tonight's Uefa Cup quarter-final first-leg tie, Nottingham Forest will approach it more optimistically than was once envisaged.

Bavaria Munich may be one of the great European clubs, they may lead the Bundesliga, they may have scored 10 goals in their last two domestic games, and seven – against Benfica – in their last European tie, but they are not happy.

Jürgen Klinsmann, who scored six against Benfica, taking this season's personal European tally to 11 goals, railed last week against his team-mates' "ego mentality". Lothar Matthäus may have felt his ears burning. Their mutual antipathy has reached the stage where Uli Hönes, once a World Cup winner, now the club's manager, has publicly asked for an increase in team spirit and reduction in ego.

Contrast this to a Forest side whose resolute European campaign has vividly illustrated a dressing-room prepared to work for one another. Frank Clark's skilful man-management is best exemplified by Ian Woan. After the quarter-final draw was made he told a Sunday tabloid that Forest had no chance. Clark dropped him for that day's match and disciplined him. Woan has since signed a new contract and is playing so well he is being mentioned as an England prospect.

Such is the lack of ego that Steve Stone, their newest England cap, not only admits to asking Klinsmann for his autograph last season but adds that "he just scribbled something unrecognisable before he scurried on to the bus without looking at me."

I felt like shouting: 'I've just played against you'.

Woan and Stone are struggling to be fit, as is the man who epitomises Forest's spirit, Stuart Pearce. With Colin Cooper suspended for the first leg, the captain's presence is all the more needed.

Pearce has been troubled by a calf injury since January and Clark admitted: "He is less than 50-50, but if it was any other player it would be 90-10 against. If it was anyone else I would not consider playing him, but he is an exception."

"While I have no qualms about their replacements [David Phillips and Alf Inge Haland], who both have big-match experience, we would miss the leadership Pearce and Cooper provide."

The Italian striker, Andrea Silenzi, did not go to Germany after a virus he suffered over the weekend flared up. His place in the party was taken by the 20-year-old reserve forward, Steve Guinan. Hope is provided by the return to form of Bryan Roy who, said Clark, "is our match-winner. It is for these sort of matches that we bought him." Roy may face a Bayern defence bereft of Matthäus, who has a groin injury.

Bavaria have lost five of their last six meetings with English clubs, even losing at home in the last one, to Norwich City.

They were not the first English club to win in the Olympic Stadium. That honour belongs to Forest, who beat Malmö to win the European Cup in Munich 17 years ago. Clark played that night. If he needs inspiration when preparing his pre-match call to arms, he just has to look around him.

Kerry Shacklock talks to Keith Elliott about the pain of giving up synchronised swimming

Kerry Shacklock cried for months when she lost the love of her life. They had been together almost every day since she was just 11. In their 12-year romance, she had been national champion six times, collected two Commonwealth silver medals, won the Europa Cup and finished seventh in the Olympics. It is true that there was a well-publicised affair with Steve Backley for more than a year, but even the hunky javelin thrower couldn't drag her away from her real love.

And so, when she decided to give up synchronised swimming last year, it broke her heart. "I cried for months," she admitted. "There was just a huge gap in my life." Even 12 months on, she still fights back tears as she recalls the days when her only worry was whether her barracuda back pike somersault and combined spin had been executed perfectly.

Shacklock's problem is not unique. Many top swimmers, coached from an age when they are still worrying about their multiplication tables, are like fish on a floor once they hang up their costumes. Suddenly, they are in their twenties with no career, few prospects and little idea of how to earn money. It is a serious problem, and few sports address how to integrate yesterday's heroes into a world where everything doesn't go swimmingly.

Shacklock, 24, is probably luckier than most. She did, after all, stay on at school to take A levels. She is very attractive and has done some modelling (including an appearance in last year's third best-selling calendar, featuring sports stars in skimpy outfits).

She is taking a sports therapy diploma, working in a gym as a fitness consultant, doing some massage work, and running aerobic, Callanetics and circuit classes. She is even undertaking a little synchronised swimming tuition. But she still lives with her parents and is diffident as a 14-year-old on her first date. Life is still a little frightening.

It all started at the local swimming pool. She watched a demonstration of synchronised swimming and got interested. "At the time, it was just something to do." Five years later, she was a member of the British Olympic squad. Other honours followed: fourth in the junior world championships and the European Championships, national champion (a title she was to hold for six years) and two silvers in the Commonwealth Games.

Helped by sponsorship from a shampoo company and a swimming-pool maker, she swam for six hours a day, every day. It paid off with second place in the Europe Cup and seventh in the Olympics, where she had not been expected to make the final. In 1993, she won two bronze medals at the European Championships, and the following year won the Europa Cup, as well as collecting two silver medals in the Commonwealth Games.

But it all went wrong when her sponsorship dried up. Shacklock admits that her own shyness probably didn't help the quest for a replacement. A synchronised swimmer, however good, is not as attractive to sponsors as a 100-metre butterfly prospect. Shacklock suddenly found that she did not have the money to continue using a private trainer. "My mum is a secretary and my dad's an electrician. They have



In her element: Kerry Shacklock goes through her paces

Photograph: Peter Jay

We are talking in the front room of her parents' neat semi in Yateley, Surrey. There are few clues that the woman who once dominated British synchronised swimming lives here. You feel as if she does not want to be surrounded by reminders of her past life. She still keeps the trophies, the decorative costumes and even the nose-clips. But they are put away. It is a life she loved too much to be constantly reminded that it is no longer around.

But wait a minute. What's the matter with the woman? We're not talking serious sport: this is synchronised swimming, mermaids splashing round to music in a giant goldfish tank. How can anyone get all emotional about something so frivolous?

Many people who should know better have held the same view. The former International Olympic Committee chairman, Avery Brundage, did his best to get it dropped from the Games altogether, calling it a frivolous water ballet. Even Princess Anne has dismissed it as "synchronised flower arranging".

If you are one of those who thinks it is about as sporting as worm-charming, you're in for a shock. Synchronised swimming is one of the top three sports in fitness terms, demanding flexibility, strength, grace, cardiovascular fitness and agility. You must be able to hold your breath underwater for a couple of minutes, swimming all the time, and those dolphin-like leaps must be accomplished without touching the bottom. It has been described as running a 400m race without drawing breath. Furthermore, the sport has an avid following, with several thousand enthusiasts in this country alone. Last year's world junior championships attracted entries from 34 countries. Ever since it joined the Olympics in 1984 (before 1980, it was known as scientific and ornamental swimming, and only performed by men), it has always been one of the first sports to sell out.

The problem comes because of our belief that sports stars should look as if they are suffering, and those happy grins give totally the wrong impression. Anne Clark, chairwoman of the English Synchronised Swimming Committee, says: "When you have been underwater for a minute, you are gasping for breath but you can't let the judges know you are showing stress." Hence the smile, which is actually a clever way of gulping in air.

But the critics have won a small victory. Clark feels that the best way to counter negative publicity is to emphasise the fitness aspect and play down the glitz. So her committee has banned sequins on costumes, although internationally they are still allowed. "I think this is a shame," Shacklock says. "In competitions, all the other girls have these amazing costumes and we have dowdy ones. I think people like the glamour of it."

But that's all behind her now. Shacklock now believes she can watch a competition without feeling the pain of not being there. "It will be weird, watching the Olympics, and sad because I would really love to be there. But I'm out of it now, and I won't ever try to go back."

WHERE ARE THEY NOW?

As the champion of women's cricket, Rachel Heyhoe-Flint acquired one distinction Michael Atherton seems unlikely to share: she captained a World Cup-winning England team. Indeed, she was unbeaten as skipper from 1966-77, in addition to scoring almost 1,600 "test" runs.

The name became synonymous with her sport, although not everyone these days makes the connection. "On one occasion, someone I met on a train spent an hour and half discussing show jumping," she said. "Another seemed to think I had sailed the world single-handed."

Nowadays, she is public relations executive of Wolverhampton Wanderers, a role that stemmed from a friendship formed 26 years ago with the club's wealthy patron, Sir Jack Hayward, who sponsored an England women's cricket tour to the West Indies in 1970.

A former PE teacher and, briefly, tennis bowling coach, she once coached the US women's hockey team and also kept goal for England.



Rachel Heyhoe-Flint

She took up journalism in the 1970s, writing for the Daily Telegraph and cricket magazines as well as becoming sports editor of the Wolverhampton Chronicle.

She represents a number of golf clubs, but football is her first love. "Apart from getting to see the games, I do a lot of community work, which I really enjoy," she said. Now 56, she is married to former Warwickshire cricketer Derrick Flint. Her son, Ben, is at Durham University.

Jon Culley

Ball in LTA's court as Lloyd shows interest in the leading role

Tennis

JOHN ROBERTS

David Lloyd, the scourge of the Lawn Tennis Association before being made Davis Cup captain, indicated yesterday that he would be interested in succeeding Ian Peacock as chief executive – given a free hand.

"I don't think I could take the job in the capacity Ian Peacock

had it, where he really has been tied by committees. I couldn't work like that," Lloyd said. "It would have to be a completely different ball game, where you'd call the tune without worrying what people say all the time."

Such a statement would have eliminated Lloyd from consideration had the post been open a couple of years ago, but last year the LTA showed a change of attitude towards its most

vociferous critic by giving him the Davis Cup job.

Guiding a team from the brink of fourth-rate status in the world is one thing, loosening the grip of amateur British administrators could prove a far greater challenge.

It may be decided that Lloyd is of more value motivating the players, although he could argue that, given a wider brief, he could devote his energy to rais-

ing standards. There is no urgency for an appointment to be made, Peacock having announced that he will remain in the job until his contract expires at the end of September.

"David Lloyd obviously is a potential candidate," Peacock said, "but we've got a little bit of time to go through the process and see who's around, and for the board to clarify in their own mind what sort of per-

son they want sitting in this chair: whether they want a David Lloyd high-profile person, or whether they want someone who's going to run a £45m business."

If the way Lloyd has managed his own affairs is a guide, the LTA's millions from the Wimbledon Championships would be well invested. Commercially, he is the most successful individual in the British game, hav-

ing created an empire of tennis and leisure centres, which he sold to Whitbread for £20m last year.

He retained an executive role in the company, but this would not necessarily prevent him from taking the LTA job. "One would have to do a lot of clearing round, but I wouldn't throw it out at this moment in time," he said. "I think I could do a pretty good job."

Wild game,
but then the English have always been
partial to blood sports.

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